



## **U.S. Department of State FY 2000 Country Commercial Guide: Argentina**

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## I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents an overview of Argentina's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business

community. CCGs are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

With a GDP of \$298 billion in 1998 (according to recently revised methodology), Argentina is the second largest economy in South America. The 90's economic restructuring and macroeconomic stability fostered major new investment in services and industry. As a result, Argentine exports more than doubled in six years - from about \$12 billion in 1992 to about \$26 billion in 1998. Imports also grew rapidly during the same period, rising from \$15 billion to about \$31 billion.

These initial investments developed a strong infrastructure in the telecommunications, energy and transportation industries. Although privatization is largely complete, additional investment opportunities will still arise in some major public and private programs that include transportation infrastructure in ports, highways, airports, power plants, food processing, banks and financial institutions, telecommunications, information technology and mining.

Based on the Convertibility Plan of 1991, which pegs the peso to the dollar and bans the printing of unbacked currency, Argentina has achieved one of the lowest inflation rates in the world (0.7 percent in 1998). U.S. goods and services are highly regarded in the Argentine market. GDP per capita in 1998 was \$8253.

Since the inception of the Mercosur customs union in 1995, Brazil has become Argentina's largest trading partner seconded by the U.S. In 1998, Argentine imports from the U.S. amounted to more than \$6.0. The Brazilian financial turbulence in 1998-1999 demonstrated the influence of the Brazilian economy on Argentina's economic outlook. Brazilian recession adversely affected Argentina's growth. Nonetheless, Mercosur is a key element of the business strategy of many foreign manufacturing and services firms, and U.S. exporters and investors continue to take advantage of the opportunities in Argentina arising from Mercosur.

The Argentine government has eliminated most restrictions on domestic and foreign trade. There is free flow of foreign investment capital and repatriation of funds, thus making Argentina one of the best markets in Latin America for U.S. exports and long-term direct foreign investment.

The local cost of credit is still high for the private sector, especially for small and medium-sized enterprises. Confidence in Argentina's basic political stability is high and is expected to remain so, regardless of the outcome of the upcoming Presidential elections in October 1999.

Unemployment is projected to rise to 14-15 percent in 1999 from 12.4 percent 1998. According to industry analysts, the labor reform drafted in 1998 was too shallow to materially improve labor market flexibility. Unemployment is likely to remain high in the years ahead.

Best prospects for U.S. trade and investments are in airport ground support equipment, power generation equipment, computers and peripherals, telecommunications, mining equipment, plastics materials, oil and gas field machinery, medical equipment, water equipment, building products and food processing and packaging equipment.

Argentina experienced a boom in economic growth in the early 1990s as a result of its structural reform (privatizations, trade liberalization, etc) and monetary stability. Real GDP growth averaged over 6% for the 1991-97 period. Since October 1997, a series of international financial shocks coupled with a fall in international commodity prices have translated into lower growth rates. After growth of 8.4% in 1997, GDP percent in 1998 grew 4.3. In the second semester of 1998 Argentina entered into a recession. Most experts predict negative growth of between -2.5 and -3.5 for 1999, with a possible return to positive growth in the second half of the year 2000.

Despite the current recession, Argentina -- with a track record of macroeconomic stability, a growing and sophisticated consumer market, free capital flows, lucrative access to Mercosur and nondiscriminatory foreign investment regime -- remains an attractive emerging market for U.S. trade and investment.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.stat-usa.gov> and <http://www.state.gov/> and <http://www.mac.doc.gov>. They can also be ordered in hard copy or on a diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information, should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD(E) or by fax at (202) 482-4473.

## II. ECONOMIC TRENDS AND OUTLOOK

In 1989, after decades of economic decline and chronic bouts of inflation, Argentina began an unprecedented, profound, and remarkably successful economic restructuring based on macroeconomic stabilization, trade liberalization, privatization, and public administrative reform.

The 1991 Convertibility Law established a quasi currency board, which has provided the pillar of price stability. The government privatized most state-controlled companies, opened the economy to foreign trade and investment, improved tax collection, and created private pension and workers compensation systems.

As a result, Argentina experienced a boom in economic growth in the early 1990s. Real GDP growth averaged over 6% for the 1991-97 period. Since October 1997, a series of international financial shocks coupled with a fall in international commodity prices have translated into lower growth rates. In 1999, Argentina's real GDP will likely fall 3%.

Structural reforms--coupled with monetary stability--fostered major new investment in services and industry. This was noteworthy in telecommunications, food processing, banking, energy, and mining sectors. As a result, Argentina's exports more than doubled in six years--from about \$12 billion in 1992 to about \$26 billion in 1998. Imports also grew rapidly during the same period, rising from \$15 billion to about \$31 billion.

The October 1998 unemployment rate was 12.4 percent--down from a peak of 18.4 percent midyear 1995. However, with the onset of economic recession in late 1998, unemployment is projected to rise to 14-15 percent in 1999. Unemployment is likely to remain high in the years ahead because of Argentina's rigid labor market and continued corporate streamlining.

The principal criticism of the convertibility plan is its seeming vulnerability to external shocks, as well as its inability to substantially reduce unemployment and improve income distribution. Still, there is a broad base of support for Argentina's economic model. Public sector corruption, which is relatively widespread, is currently the subject of broad public debate. The Argentine justice system can be politically influenced, is often inefficient and usually provides slow due process. Political pressures during the runup to the general elections scheduled for the last quarter of 1999 complicate fiscal management and delay further action on structural reforms.

Mercosur, a 1991 customs union that integrates Argentina, Brazil, Paraguay and Uruguay, entered into force January 1, 1995. Chile and Bolivia are associate members of Mercosur. The Andean countries, Mexico, Canada and the European Union are negotiating trade arrangements as well. At the same time, Mercosur members are participating as one body in negotiations leading to the Free Trade Area of the Americas (FTAA). Argentina will become the chair of the trade negotiating committee within the FTAA.

#### 1999-2000 trends and outlook

Argentina has a proven track record in successful monetary, fiscal, and trade reforms, as well as in privatization. Based on stability and remarkable economic growth fostered by the convertibility plan of 1991, Argentina has become one of the world's most promising emerging markets. Argentina's consumer prices are projected to fall 0.5% in 1999. Since 1996, Argentina has experienced its highest rate of sustained investment growth in 50 years.

Many U.S. and other foreign firms continue having strong interest in taking advantage of opportunities in Argentina arising from Mercosur. Major U.S. investors, including car manufacturers and food processors access Mercosur markets through operations in Argentina. Mercosur has become a key element of the business strategy of many foreign manufacturing and services firms in Argentina.

Argentina's heavy reliance on foreign direct investment, agricultural exports, and the fixed dollar-peso exchange rate have made the country vulnerable to fluctuations in capital flows. This vulnerability resurfaced in 1998 and 1999; short-term financial capital invested in the Buenos Aires stock exchange reacted to intense selling in emerging market exchanges triggered by the Asian financial crisis. A fall in international commodity prices also depressed Argentine exports.

The 1998-99 financial turbulence underscored the critical role that Brazil's macroeconomic health plays on Argentina's own economic

outlook. Economic recession in Brazil--coupled with the sharp devaluation of the real--reduced Argentine exports and contributed to a rise in Argentine interest rates. Continued international investor uncertainty about Brazil will adversely affect Argentina's growth prospects.

The Argentine economy is expected to resume positive growth in the year 2000. Still, rising poverty indices raise cause for concern, as do sharp increases in urban crime in 1998-99 and persistent high unemployment.

After declining during the period 1989-94, the number of Argentines living below the poverty line has begun to increase. (However, earnings from the informal economy are not always reflected accurately in household income surveys.) Even though average Argentine household income has risen since the convertibility plan was adopted in 1991, the average income of the poorest households in greater Buenos Aires has decreased since 1994--in part due to job losses.

Argentina's projected 1999 central government deficit-- about \$6 billion, or more than two percent of GDP-- is relatively small and manageable. Argentina's fiscal outlook over the medium term is increasingly a cause for concern in financial and banking circles. Collections from labor taxes and social security contributions will continue to decline as workers increase savings in the private capital pension funds. Spending pressures will increase as the 1999 presidential election approaches.

The local real cost of credit is still high for the private sector, especially for small and medium-sized enterprises. For several years, analysts have drawn attention to Argentina's high rate of tax evasion, corruption, its fragile banking system, weak provincial government finances, and tendency toward a fiscal deficit. Long overdue reforms in labor regulations and health care are proceeding slowly. Argentine justice is notoriously slow and subject to influence peddling. Independent surveys indicate that public confidence in the judiciary is weak. Complaints about corruption are common, including in the private sector and particularly in the provinces.

## Banking

Argentina's banking system began 1999 further consolidated and strengthened by recent large foreign investments. Three of Argentina's top ten commercial banks were sold to European financial institutions in 1997. In 1990, Argentina had close to 300 banks, but by early 1999, there were fewer than 120. Mergers and acquisitions are expected to continue, as management and efficiency improve rapidly. Peso and dollar deposits in the banking system grew strongly and reached nearly \$80 billion by early 1999--double the figure for June 1995--when bank deposits hit a low of \$37 billion. Foreign-controlled banks now hold over 50 percent of total Argentine bank deposits. Still, total deposits in the banking system represent only about 25 percent of GDP-- a much lower ratio than that in Chile, Mexico or Brazil, for example.

In late 1997, shortly after the Asian financial crisis began, the government of Argentina reassured investors that the country's banking system and reserves were strong enough to withstand the storm. Rapid



growth in bank deposits indicates growing confidence in the financial system and in Argentina's reforms. The Central Bank of Argentina foreign currency reserves in mid-1999 reached about \$25 billion.

Financing and lending costs are still high by industrialized country standards. The annual interest rate which banks charge for loans to large firms is usually no more than 12 percent. For consumer overdrafts or higher-risk firms (typically small businesses) annual rates can approach 25 percent. These interest rates, which presumably reflect lenders' risk calculation, contrast sharply with Argentina's extremely low rates of inflation. Easier lending for small and medium sized firms, and improved credit risk management, are essential to foster job creation.

The Central Bank of Argentina has strengthened reserve requirements for commercial banks, and in 1997 expanded a repurchase agreement with a consortium of international banks to provide nearly \$8 billion as a safety net in event of a liquidity squeeze. In order to combat money laundering, the Central Bank requires financial institutions to keep records of large and suspicious transactions.

In late 1997, the Menem administration announced its intention to privatize Banco de la Nacion, Argentina's largest commercial bank. Strong political opposition, however, has prevented any movement in this direction. During 1998, the government completed the privatization of the National Mortgage Bank.

#### Debt management

The Argentine government is among the most skillful managers of foreign debt in Latin America. Argentina's public debt maturities are mostly concentrated in the long term. Argentina's total external debt (public and private) at the end of 1998 was \$138 billion, or approximately 46 percent of gross domestic product. Argentina's debt to export ratio will be about 6 to 1--much higher than that in most big emerging markets. Still, Argentina was among the first emerging market countries to return to the international bond market following the 1998's recurring bouts with financial turbulence.

Argentina will need to borrow more than \$17 billion during 1999, or over 70 percent of exports. At least \$8 billion will come from international markets. Argentina will use about \$11 billion of this borrowing for public debt service, and the remainder will be used to cover the projected 1999 deficit. Financing needs will increase to about \$25 billion by 2001, according to some analysts. As such, debt service puts pressure on Argentina's fiscal accounts, particularly as world interest rates rise.

#### Macroeconomic trends

Argentina's basic economic strategy is to maintain strict fiscal and monetary discipline in conformity with the 1991 convertibility law. The government seeks to promote economic growth under conditions of low inflation, increase savings and investment, deepen the process of structural reform, and improve efficiency in the economy.

Economic growth has slowed sharply as a result of low international commodity prices and turmoil in international capital markets. Increases in domestic interest rates and a slowdown in the Brazilian economy are also key factors behind the economic downturn. Annual GDP growth in 1998 was only 4.1%, and will likely fall 2-3% in 1999.

Unemployment in the urban labor force was 14.5 percent in May 1999, up from 12.4 percent in October 1998. The unemployment rate also climbed to 13.7%. Negative economic growth was the chief factor behind the rise in unemployment. In the long run, the government needs labor law reform--long overdue, but essential for improving Argentina's socioeconomic climate--to promote new jobs.

Argentina and the International Monetary Fund concluded a three-year, \$3 billion extended fund facility agreement at the end of 1997. The IMF credit consists of a \$1 billion disbursement and a \$2 billion contingency fund available in event of a financial crisis. In addition, the government submitted a labor reform proposal to Congress--which fell far short of business expectations.

#### Foreign trade

A key development in helping Argentina meet its external payments is the dramatic growth in Argentina's foreign trade since 1990. Foreign trade plays an increasingly important role in Argentina's economic development. Still, exports represent less than 10 percent of Argentina's GDP. This share will rise as Argentine export competitiveness improves--the result of increased productivity generated by new investments, diversification of export products and markets, and very low domestic inflation. Nonetheless, in dollar terms, Argentine exports have dropped over the last two years, primarily because of lower international commodity prices and recessions in Brazil and Chile. The latter two countries account for approximately 40 percent of Argentina's exports.

In November 1997, Argentine customs implemented a pre-shipment inspection program for imported motor vehicles as well as most shipments of consumer goods worth \$800 or more.

Fresh Argentine beef was exported to the U.S. market in August 1997 for the first time in over 50 years. Argentina's exports to Brazil (30 percent of Argentina's total exports) consist of commodities, agricultural and industrial goods--primarily autos, auto parts, chemicals and machinery. Many of these are intra-company transfers by multinational corporations.

The recent devaluation of the real has put significant pressure on Mercosur's fragile legal and institutional framework. Still, Mercosur is one of the largest and most dynamic integrated markets in the developing world, and close cooperation between Brazil and Argentina--historic competitors--is key to Mercosur's impressive growth. Argentina accounts for about 27 percent of Mercosur GDP; Brazil's share exceeds 70 percent. Mercosur countries have preferential trade arrangements with each other and have an average trade-weighted external tariff of 13.5 percent. Eighty-five percent of goods are

included in Mercosur's common external tariff, with the balance to be phased into the common external tariff by 2006.

Argentina's trade with the other members of Mercosur has grown fivefold since 1991. (During that period, its total foreign trade doubled.) On December 15, 1997, presidents of the Mercosur countries signed a framework protocol for liberalized trade in services, including transportation, telecommunications and electric energy. However, economic problems in Brazil and Argentina have slowed further progress on the integration. In fact, Mercosur members have recently focused on limiting the negative fallout generated by the Brazilian devaluation. Mercosur's negotiations with the Andean countries, the European Union, and Mexico are advancing slowly. Mercosur needs closer coordination of macroeconomic policies and better dispute resolution mechanisms.

Ties to Mercosur will take on added importance in coming years. Macroeconomic stability in Brazil is an important variable for Argentina's foreign trade in 1999-2000 and beyond. Chile's association with Mercosur is improving access for Argentine exports to Asia and the Pacific, via Chilean ports.

The U.S. registered trade surpluses with Argentina every year from 1993 to 1998 totaling about \$15 billion. The U.S. is expected to run another bilateral surplus in 1999, but total U.S. exports to Argentina will fall--perhaps by as much as 15%--because of the current recession.

#### Barriers to U.S. exports

Despite the generally favorable environment for imports, Argentine authorities occasionally erect protectionist barriers. For example, since 1997 the government has imposed specific duties on footwear as part of a safeguard investigation initiated at the request of domestic producers. Both the European Union and the U.S have initiated WTO dispute resolution procedures over the footwear safeguards. In May 1999, Argentine trade authorities reduced the statistics tax, imposed on almost all imports from countries outside Mercosur.

The Argentine auto sector, which is heavily dependent on the Brazilian market for exports, has been acutely affected by Brazil's economic difficulties. Mercosur member countries expect to implement a common auto policy by 2000, which is to replace the current quota and tariff system. Meanwhile, Argentina applied phytosanitary entry requirements to certain U.S. agricultural products, including fresh pork, Florida citrus and some California fruits. Restrictions apply to imports of some used or remanufactured goods.

#### Financial services

The government eliminated all restrictions on foreign-owned banks in 1994. Through the liberalization of the Argentine insurance market, U.S. insurance companies are able to enter the Argentine insurance market alone, by establishing a joint venture with an Argentine company, or by purchasing an existing, licensed company.

## Protection of intellectual property

Argentina adheres to most treaties and international agreements on intellectual property. Argentina is a member of the World Intellectual Property Organization (WIPO) and signed the Uruguay Round agreements in December 1993, including measures related to intellectual property. However, extension of adequate patent protection to pharmaceuticals has been a highly contentious bilateral issue for over the last 10 years.

### Lack of patent protection for pharmaceuticals

After years of protracted debate and inadequate congressional legislation, the Executive branch issued a decree in 1996 which falls far short of the Argentine government's commitments to the United States. The decree authorizes the Argentine intellectual property institute to grant pharmaceutical patents starting in November 2000. The decree does not impose "pipeline" protection for products patented in other countries but not marketed in Argentina and contains ambiguous provisions on compulsory licenses and parallel imports.

The flawed patent regime hinders Argentina's ability to compete for new investments effectively with other Latin American countries that have strong patent protection. Because of the pharmaceutical patents problem, the U.S. determined that Argentina fails to provide adequate and effective means under its laws, for foreign nationals to secure and enforce exclusive rights in intellectual property. As a result, in May 1997, the U.S. withdrew duty-free treatment for about one half of the Argentine products that had benefited from the generalized system of preferences program. The U.S. also initiated a WTO dispute settlement action against Argentina in April 1999 over the enforcement of exclusive marketing rights for certain pharmaceutical products.

### Copyrights

Argentina's copyright law, enacted in 1933, was amended in 1998 to specifically make software policy a criminal offense in accordance with the Bern Convention. However, it is estimated that 65 percent of all software used in Argentina is pirated.

As in many countries, in Argentina, piracy of video, cable television and recorded music is a problem. Efforts are underway to combat this, including arrests and seizure of pirated material. U.S. industry estimates that losses due to copyright piracy in Argentina exceed \$250 million annually.

### Trademarks

U.S. companies have reported continuing problems with trademark enforcement--adversely affected by the inability to seek criminal prosecution and monetary damages in counterfeit cases.

### Investment and privatization

U.S. direct investment in Argentina is concentrated in telecommunications, petroleum and gas, electric energy, financial services, chemicals, food processing and vehicle manufacturing. The stock of U.S. direct investment in Argentina will exceed \$16 billion in

1999. (Meanwhile, Canadian, Spanish and Chilean firms--also important sources of capital--are projected to invest over \$5 billion in 1999.)

Several bilateral agreements play an important role in promoting U.S. private investment in Argentina. The U.S. and Argentina have an Overseas Private Investment Corporation (OPIC) agreement and an active U.S. Export-Import Bank (Eximbank) program. Under the 1994 U.S.-Argentina bilateral investment treaty, U.S. investors enjoy national treatment in all sectors except shipbuilding, fishing, nuclear power generation and uranium production. The treaty allows for international arbitration of investment disputes.

A number of privatization programs will offer new opportunities to U.S. businesses. In May 1998, the government concluded privatization of Argentina's principal airports. Nuclear energy plants are also to be privatized.

Foreign investors are not required to register in Argentina. Price stability and the return of investor confidence have created a climate favorable to capital flows into Argentina. Foreign investors need not obtain permission to invest, and may wholly own a local company. Investment in shares on the local stock exchange requires no government approval. There are no restrictions on movements of capital or repatriation of funds. Customs procedures, however, are expensive and time consuming.

#### Forecast through 2000

The October 1999 presidential and legislative elections have hindered progress on the structural reforms needed to improve export competitiveness and create jobs. Still, the leading presidential candidates--Justicialist Party candidate Eduardo Duhalde and Alliance nominee Fernando De la Rúa--have strengthened their commitment to maintaining convertibility and the fiscal discipline required to support it.

1999 will finish as a difficult year for the economy. The international financial situation remains complicated, agricultural commodity prices are low and tax revenues continue to fall because of high evasion rates and reduced activity. Real GDP will likely fall 2-3% in 1999. There is some risk that investors' expectations could change in 1999 if Argentina's fiscal and current account deficit continues to worsen, and the government is reluctant to impose unpopular tough corrective measures.

However, given the success of convertibility in providing stability and predictability for growth, the large share of dollar-denominated deposits and the solidity of the banking system, a devaluation of the Argentine peso is extremely unlikely.

In March 1998, the GOA announced the Liberalization Plan of the Argentine Telecom market. This entails an opening of all the services in this sector in different stages from now until November 2000. The first phase of the deregulation is the opening of basic telephony in November 1999. Additionally, in May 1998 the Argentine and the U.S. Governments signed a Reciprocity Agreement for Satellite Services. The

licenses granted for PCS services in June 1999 also accelerate the building of new networks. This new scenario offers very interesting opportunities for U.S. equipment and services suppliers.

Mining exports in 2000 are projected to total close to \$1.5 billion. Total investment in mining is expected to reach \$1.1 billion for the five-year period 1995-2000. The 1993 Argentine mining code gives priority to stability and allows the private sector to take the lead in this sector. On December 29, 1997, Argentina and Chile concluded a bilateral integration agreement that will permit joint exploration and development in mining.

Confidence in Argentina's basic political stability is high. Over the medium term, though, until labor, tax and judicial reforms are completed after the 1999 elections, foreign investors may have lingering concerns about investments and the Argentine economy's inherent ability to withstand severe external shocks.

With imports projected to fall 15%, the country is expected to reduce its trade deficit in 1999. Argentina's 1999 current account deficit will exceed four percent of GDP. Despite the current recession, however, Argentina--with a track record of macroeconomic stability, a growing and sophisticated consumer market, free capital flows, lucrative access to Mercosur, and a nondiscriminatory foreign investment regime--remains an attractive emerging market for U.S. trade and investment.

### III. POLITICAL ENVIRONMENT

#### The Argentine Political System

Argentina is organized as a constitutional federal republic. The revised 1994 national constitution provides for a strong executive branch, a bicameral legislature and an independent judiciary. The executive traditionally has dominated federal politics. Many rights are reserved by the provinces under the constitution, in theory, producing a balance between federal and provincial authority. In practice, however, Argentina's federal system is dominated by the center. Each province has its own constitution.

The president is elected to a four-year term and is eligible to run for a second consecutive term of office. Under the new constitution each province, including the Capital, will have three senators, elected by popular vote to six-year terms. Deputies are elected for four years, in alternate terms, with half standing for reelection every two years. The president appoints cabinet ministers. The constitution grants the president considerable power, including a line-item veto.

The constitution establishes a separate and independent judiciary. The President appoints the members of the Supreme Court of Justice with the Senate's consent. Under the new constitution, judges below the level of the Supreme Court are to be identified for Presidential nomination by a Judicial Council, which also has the power of removal for cause. The Supreme Court has the power, first asserted in 1854, to declare legislative acts unconstitutional.

On October 30, 1983, after nine years of de facto military rule, Argentines voted for a president, vice president, and 14,000 other national, provincial and local officials in fair, open and honest elections. Raul Alfonsin, the candidate of the Radical Civic Union (UCR), won the presidency and began a six-year term of office on December 10, 1983. The Alfonsin government took steps to resolve some of the nation's most pressing problems, including accounting for citizens who disappeared during the era of military dictatorship, establishing civilian control over the armed forces, and consolidating democratic institutions. The Alfonsin government, however, had serious problems getting the nation's economic house in order. By 1989 annual inflation soared to 4,923.00 percent.

In May 1989, Carlos Saul Menem, the candidate of the Justicialist Party (PJ), also known as the Peronist Party, was elected president; the PJ and its allies also won control of both houses of the new congress, which took office in December. The rapidly deteriorating economy and a resultant loss of confidence in the national government led Alfonsin to leave office five months early, allowing Menem to assume office in July 1989. This was Argentina's first transfer of power between democratically elected leaders in more than sixty years.

In 1994, political compromise between the two major parties paved the way for voters to elect a constituent assembly to revise the constitution. The new constitution, approved in August 1994, provides for the direct popular election of the president and permits him to run for a second consecutive term. It also provides for the direct election of the mayor of the Federal Capital and senators.

In May 1995, following a first term marked by economic success and political stability, President Menem was reelected to a second four-year term with nearly 50 percent of the vote. The PJ also won an absolute majority in the Chamber of Deputies and retained control of the Senate.

#### Argentine Political Parties

General Juan Domingo Peron, president of Argentina from 1946 to 1955, founded the Justicialist Party in the 1940s. He built his Peronist movement on a foundation of statist and strongly pro-labor policies. Following its defeat in the 1983 presidential elections, control of the PJ passed to a reformist faction. They democratized the party's structure, which led it to victory in the 1987 congressional elections. The PJ joined the Christian Democratic International in early 1994 and has advocated a political opening to the developed world and close ties to the United States and Europe. In the 1997 mid-term Congressional elections, however, the PJ lost its majority in the lower house, though it retained a plurality.

The Radical Civic Union (UCR) is also the country's oldest party. Since the turn of the century it has traditionally represented middle-class interests. Its leader is Buenos Aires mayor Fernando de la Rúa.

In April 1994, many left-of-center politicians joined with former Peronists to create the National Solidarity Front (Frente para un País en Solidaridad), or FREPASO. FREPASO's diverse coalition is more a

political movement than a fully formed party. In 1995, their candidate, Jose Octavio Bordon, defeated the UCR candidate for second place in the presidential elections. In August 1997, the UCR and FREPASO joined together in an opposition coalition called the Alliance for Work, Justice, and Education.

Besides the PJ, the UCR and FREPASO, Argentina has many smaller parties that are regional or right or left of the centrist UCR and PJ. In aggregate, they can play an influential role in the national Congress and sometimes control provincial governments. Many regional parties seek greater financial support and less interference in provincial affairs from the central government.

The Menem administration has pursued wide-ranging economic reforms designed to open the Argentine economy and enhance its international competitiveness. Privatization, deregulation, fewer import barriers and a fixed exchange rate have been cornerstones of this effort. All these changes have dramatically reduced the role of the Argentine state in regulating the domestic market.

In October 1999, Argentina will vote for President, Vice-President, half the Chamber of Deputies, several governorships, and a number of municipal positivas. The Alliance is running Fernando de la Rúa for the Presidency and Frepaso deputy Carlos Alarez for Vice-President. The PJ presidential candidate is Buenos Aires Governor Eduardo Duhalde, running with Senator Ramon Ortega as vice-president. Also running for the Presidency on the action for the Republic ticket is former Menem Minister of Economy Domingo Cavallo.

#### Nature of the Bilateral Relationship with the U.S.

The United States and Argentina enjoy an excellent bilateral relationship after many years of estrangement. This relationship is now so close and multifaceted that President Clinton has designated Argentina a major non-NATO ally. The efforts of the Menem administration to open Argentina's economy and realign its foreign policy have contributed to the improvement in these relations. The interests and policies of Argentina and the United States coincide on many issues. For example, Argentina often votes with the United States in the United Nations and has backed many U.S. supported candidates for high offices within international organizations. Argentina has also participated in many multilateral peacekeeping deployments mandated by the United Nations Security Council, including missions to Haiti and the former Yugoslavia.

Argentina's policies on science and technology have also changed dramatically. In 1992 it signed a Bilateral Nuclear Cooperation Treaty and ratified the Treaty of Tlatelolco. Argentina dismantled its Condor missile system and became a member of the Nuclear Suppliers Group and the Missile Technology Control Regime. Argentina has also cooperated with the United States on the preservation of the environment and in combating narcotics trafficking.

#### Major Political Issues Affecting the Business Climate

The Menem Administration has strongly encouraged private initiative through privatization, deregulation of the economy, and encouragement



of foreign direct investment, all of which are vital to continued growth. Foreign investors are welcome in virtually every economic sector.

The highly favorable investment climate continues for U.S. firms despite the occasional inconsistencies associated with governmental and judicial actions. A variety of cases exist where U.S. companies have been unfairly affected by what they consider to be arbitrary and capricious enforcement of laws. A few cases endure from the old days of statist intervention by military juntas; others have occurred in the present environment. Although much has been achieved in such areas as deregulation and market opening, the government itself recognizes that the administration of justice must be improved, to speed up court cases, and guarantee a fair, competitive business environment. The U.S. government supports these changes.

Social stability is also a potential issue of the future. Despite the outward measures of success, important problems still remain to be dealt with, such as high unemployment rates, regional disparities in economic development, and the lack of adequate social services. On the other hand, the public's memory of decades of increasing economic chaos culminating in the hyper-inflationary episodes of 1989-90, the key factor to Menem's reelection in 1995, is still vivid.

#### IV. MARKETING U.S. PRODUCTS AND SERVICES

U.S. companies intending to export to Argentina should consider economic, demographic, as well as cultural characteristics that differentiate it from other Latin American countries.

Having the highest per capita gross domestic product and the second highest total gross domestic product and life expectancy in Latin America, as well as low rates of population increase and illiteracy rates, Argentina attracts many business opportunities.

The population and economic activity are highly concentrated in the Greater Buenos Aires area. The population is largely of European descent and continues to have strong ethnic, cultural, as well as business ties with Europe. Consumer preferences tend to resemble more those of Europeans than those of other Latin America nationals. However, revenues are highly dependent on MERCOSUR trade, especially with Brazil, and the regional economic situation.

In many sectors, European competitors of U.S. firms are already present in the market, and may be well entrenched. Nevertheless, the U.S. is Argentina's single largest trade and investment partner and many U.S. firms have been very successful. U.S. lifestyle and consumption habits are increasingly influential. U.S. products have a strong reputation for quality and technological innovation, but U.S. firms are sometimes seen as lacking commitment to the market. It is important to be prepared for a competitive market environment.

As in many countries, personal relationships are fundamental to doing business in Argentina. Success requires taking the time to develop a close personal relationship with your representative, agent or

distributor. Marketing U.S. products and services in Argentina requires the same level of research, preparation and involvement--if not more--as domestic marketing.

U.S. firms handicap themselves if their product literature, labels, manuals and other written materials are not in Spanish. When preparing Spanish-language materials, care should be taken to ensure the meaning is consistent for all Spanish-speaking markets in which they will be used. Argentine Spanish differs for example, from Mexican or Chilean Spanish, with unintended - and sometimes embarrassing - meanings resulting when a translator is not familiar with variations in the language from market to market. Always use a professional translator, and if possible, have a native Argentine speaker, such as your agent or distributor, review any materials before using them in the Argentine market. Any official document to be presented before the Argentine government authorities that is not in Spanish, requires attachment of an official translation into Spanish by a Sworn Public Translator (Traductor Publico) and its certification by the Translators Association.

Segmentation is key. It is increasingly difficult to establish a "typical customer", due to not only new consumption habits triggered by the supply, but also to the dynamics of income distribution and even to demography.

After analyzing the product and its uses and establishing who the potential customers are, U.S. companies intending to export to Argentina should identify the geographical areas where the major users of the product are. It should be born in mind that 80 percent of the Argentine population is concentrated in urban areas, with over 35% living in Buenos Aires and its suburbs, and almost 10% in three cities Cordoba, Rosario and Mendoza and their suburbs.

#### Distribution and sales channels

Channel selection should be based on the nature of the product and the company's knowledge of the Argentine market. Generally, firms new to this market find it more effective to sell through a distributor.

Argentine distribution channels are rapidly gaining more efficiency through concentration and rationalization, due to increased competition and changes in the consumer buying process which require goods delivered at lower prices and in a timely manner.

Large firms generally buy directly from overseas suppliers, with smaller firms preferring to buy through intermediaries. Industrial equipment is sold by sales agents or through trade fairs, while consumer goods are increasingly sold through large outlets such as supermarkets.

#### Use of agents and distributors

The typical U.S. company markets through an Argentine agent/representative or a distributor.

Distributors purchase goods directly from the manufacturer with the aim of reselling them. Therefore they bear the risk of sales to third

parties. Unlike distributors, an agent or representative (equivalent to the U.S. sales agent) acts on behalf of its principal and promotes the principal's business without actually taking title. Agents typically earn a commission or fee on sales. In contrast, distributors earn their margins on the difference between the price at which they purchase the goods for resale and the price at which they sell these goods in the market.

Working with a distributor has several advantages. Distributors can provide strategic support for the positioning of the brand in the market through advertising and promotion; they understand the local culture and can assist with after-sales services. This value-added service is resulting increasingly important for customers and contributes to create a positive image of the U.S. firm doing business abroad. Some importers and distributors complain that U.S. companies are sometimes inflexible on financing options for imports and providing promotion support in the local market.

In order for a U.S. company to decide what form of representation best suits them, they should consider the degree of leverage they can exert over the following variables: price control, channel network, policy, operational expenses and after-sales service.

Variables/ Form of Representation	Representative	Distributor	Branch/Subsidiary
Price Control	Yes	No	Yes
Network	Yes	Yes	No
Policy	Short Term	Short/Medium Term	Long Term
Operational Expenses	No (no, in cases of large operational expenses)	No	Yes
After-sales Service	No/Yes	No/Yes	Yes
Well-served Clientele)	(according to % of revenue)		

The Civil and Commercial Codes govern principal-agent relations. No special legislation has been enacted to regulate the cancellation of agency/distribution agreements.

The contract entered with agents/distributors should specify rights and responsibilities, the exclusive or non-exclusive nature of the relationship, geographical scope, description of the product or services included and compensation.

Contracts do not require a specific format and can be executed verbally. However, given the complexity of the legal and commercial

relations, contracts are generally given in writing through exchange of reversal letters or through a basic instrument.

If the distributor is granted exclusive representation in an area, this right must be explicitly provided for. Areas may be assigned according to geography, sectors of activity (public or private sectors), transaction volumes (large companies, retailers, etc.) and transaction modes (cash segment, home sale, etc.)

When the representative is a natural person, the agency may be regulated by Law 11,544 of 1929, as amended. In particular, Law 14,546 of 1958 extends Labor Law benefits to business agents. In this case the agent becomes an employee when any of the following requirements is fulfilled:

- \* when he/she sells in the name of his/her employer;
- \* when he/she sells at the prices and sales conditions established by the ones he/she represents (terms of sale defined by principal);
- \* when he/she receives a salary, travel allowances, fees or any other kind of compensation;
- \* when he/she usually and personally carries out his/her activity as a traveling salesperson;
- \* when he/she renders his/her services within a determined geographic area;
- \* when the risk of his/her operations is levied on the employer.

The parties may not elect foreign laws to govern the agreement. If a contract is executed abroad to avoid Argentine law, Argentine courts will not enforce it.

The Civil and Commercial Codes permit a principal to cancel an agency agreement at his or her discretion. However, the terminating party may be liable for damages resulting from a wrongful cancellation. All agreements, whether for a definite or indefinite term, should include a notice of cancellation clause.

Labor laws similarly require the service of a cancellation notice sometime before the actual cancellation date; otherwise, the principal may be liable to the employee for earnings that would have accrued during the notification period. In all cancellation cases, except those based on a just cause, the agent is entitled to one month's compensation for each year of service, payable in a lump sum.

In addition, when a contract is terminated after one year, the agent or the distributor is entitled to compensation for the lost customers, which will amount to 25% of the amount corresponding to a wrongful dismissal.

It is strongly recommended that a local attorney review any agreements before signed. To have legal standing in Argentina, documents must be either written in Spanish or translated by a Sworn Public Translator.

Be sure the Spanish and English versions of any document are carefully reviewed for concordance, so that both parties fully understand the content.

#### Identifying a partner

The U.S. Department of Commerce Commercial Service assists exporters in finding the appropriate partners in the local market. Services available include:

- Gold Key Service, which assists export-ready companies in arranging appointments with pre-screened contacts that meet the company's particular objectives and optimize their time and travel expenses; additional services can also be included such as interpreters, briefings, custom market research, etc. as well as pre- and post-Gold Key counseling.

- Agent Distributor Service (ADS), a customized search for pre-screened qualified agents or distributors for U.S. exporters using the client's product data, pricing guidelines and other information.

Videoconference technology and services available from the U.S. Department of Commerce offer enhanced opportunities to U.S. businesspeople that cannot travel to Argentina to establish initial communication and follow up with potential clients and partners.

Please see Attachment at the end of this chapter for further information on CS Buenos Aires products and services, designed for U.S. companies to successfully enter this market.

#### The retail network

Sales channels can be largely grouped in two distinct sectors: mass sales characterized by mass-merchandisers--with certain differences with the United States regarding operations-- with a defined but limited share of the market, and differentiated products, with many dissimilar markets, high segmentation and many operators that seek to protect their niches. This requires a clear definition of the role to be played in the market in order to succeed.

A large number of mergers, acquisitions and transfers have taken place during the past few years. This wave has impacted several industries, including apparel, house construction, decoration materials, and music. The large groups acquiring Argentine companies are mainly interested in well-known brand names. Their strategy is to use these labels to expand throughout Mercosur. These groups are composed of Argentine funds, U.S. investors, other Latin American and European companies.

Traditional retail stores in Argentina are "Mom and Pop stores" scattered throughout local neighborhoods. In recent years they have lost ground to super/hypermarkets and to a lesser degree to self-service minimarkets/drugstores in sales of food, beverages, cleaning supplies, toiletries, textile, apparel, and footwear products, electronic equipment, and household goods. Non-traditional food

retailing (e.g. from self-service outlets to hypermarkets) now accounts for 70% of total food sales, while in 1970 traditional retail stores accounted for 90% of the market.

Hypermarkets and supermarkets, holding 67% of the mass retailing market, have been adopted by consumers based on a preference for practicality, that is, to shop in large areas where they can purchase any product they want, and for security.

Argentine consumers show openness to new formats. The market also awaits a growth of department stores that join all sectors--clothing, footwear, perfumery, and electronics--under the same roof. Discount stores present a very limited selection of articles of first necessity--food and beverages, hygiene and cleaning products--at very low prices. The implementation of "hard discount" big chains also obeys to the scarce development of transportation to access hypermarkets, which are generally located in distant areas.

Even if distribution channels continue to concentrate, the relationship between suppliers and large retailers is slowly leveling, and in some cases these transactions seem to take place on an equal-footing basis. At the same time that channels have concentrated, more players have entered the scene.

However, according to the demographic and psychographic profile of the different Argentine cities, hypermarkets will coexist in the market with supermarkets, convenience stores, and self-service shops.

#### Market segmentation and consumer trends

Growing consumer segments are: one-person homes, double income couples without children, households sustained by a working woman, and consumers over 60 years old.

One-person households amounted to 17% of the total Argentine households. These consumers tend to value practicality and often pay premium prices in return for service that allows them to save time. They perform frequent and small purchases and use convenience channels. The second segment has expenditure capacity but little time; they tend to purchase high value-added products and services. The urgency to save time, which is more evident in Greater Buenos Aires than in the interior provinces of Argentina, translates into increased services, such as delivery, automatic tellers and telephone banking.

#### Direct marketing

Though still incipient in Argentina, direct marketing has great potential for development. While relevant information is not readily available, direct marketing weights have been estimated at about 5 percent (or \$155 million) of total advertising expenditure for Argentine companies.

Mail order is not widespread in Argentina. Duties and other taxes to be paid on international mail order merchandise depend on the nature of the product or shipment, and mail distribution prices are high. Obstacles to the development of mail orders include payment methods (the most common being credit card) and delivery, which is not clearly

regulated. However, the privatization of the state-owned postal service will present new opportunities in this sector. Companies increasingly use other means of delivery, such as local messenger service.

Some imported products are marketed directly through cable and satellite TV programs. Technological advances towards use of fiber optics and the deregulation of telecommunications will allow more dynamic interactive communication.

Large retailers and specialized retailers--such as household appliance stores-- print flyers and tabloids to get consumers into their stores. Use of coupons is not yet a fully successful marketing tool. Redemption is still low.

Even if electronic commerce was incorporated by the big retailing multinationals, in Argentina its development is very limited. This is because there is not yet a critical mass of consumers who are Internet-literate and because they prefer the security of direct purchasing which guarantees the right choice. Some supermarkets are already offering on-line purchasing through their web pages.

The linkage between electronic mail and direct marketing has not been fully accomplished yet, especially for small and medium sized enterprises (SMEs) (In Spanish they are called PYMES), which are slower to access technology.

#### Market research

The number of market research firms in Argentina is growing. Many international accounting and management firms, including U.S. companies, have branches and affiliates in Argentina. These firms provide complete business services including tax work, and many will undertake market research projects as well. (A brief list of market research firms is available in Appendix E.)

The Commercial Service Buenos Aires prepares sector and subsector reports (Industry Sector Analyses - ISAs, Market Overview Reports - MORs, Baseline Data Reports - BDRs), and other market reports (International Market Insights - IMIs) on an ongoing basis. (See Appendix F - Market Research, for a list of available reports).

Customized Market Analysis (CMA), prepared by the Commercial Service Buenos Aires, is a customized market survey for a specific product. Detailed answers to questions on products, overall marketability, and names of competitors, comparative prices, customary entry/distribution/promotion practices, competitiveness, and information on trade barriers may be requested.

The Market Entry Express (MEE) service provides customized market research tailored to the questions you want answered about the Argentine market, for a fraction of a CMA's cost.

The first point of contact for U.S. firms interested in these services should be the nearest U.S. Export Assistance Center or Commercial

Service Buenos Aires. (To identify the U.S. Export Assistance Center nearest you, please call in the U.S. toll-free 1-800-USA-TRADE).

### Franchising

The growth trend of this sector in Argentina renders it as a good option for U.S. franchisers. Development of franchising in Argentina has been uneven and shows a high level of concentration: 10-15 chains handle 36% of the franchises and 50% of the total turnover. Potential for growth lies in the large number of retail stores (800,000), that will have to adopt safer business formats in order to survive competition from larger national and international competitors.

During 1998, it was estimated that franchises in Argentina amounted to 260, with 6,000 franchisees and an annual turnover of US\$ 1,000,000. Franchises represent 3% of the total retailing market.

Foreign franchises represent around 45% of the market, with U.S. franchises accounting for over half of the international franchises. Areas where franchises have been most successful are; fast foods, quick printing, dry cleaning, car rental, bakery/pastry shop, hotels and apparel. Local franchises have been particularly successful in ice creams, "empanadas" pastries and education. Significant U.S. market players include McDonald's, Burger King, Wendy's, Futurekids, Holiday Inn. U.S. franchises can be found in other sectors but are dwarfed by those in food services.

Franchise contracts are protected under the Argentine Commercial Code generally as opposed to being governed by specific legislation. The service, commercial trade market/name, expertise, and shared production elements are covered by contractual obligations on both franchiser and franchisee.

Elements of the contract include the license, methods/systems or proprietary information transferred to a franchisee, the supply of needed inputs, methods of sales, and quality standards, and ultimate control by franchiser of the contract elements.

Franchises have been successfully used in Argentina, but the obligations of the franchiser must be clearly delineated in the contract to avoid legal obligations associated with the operator, in case of default, bankruptcy, etc. Argentine law is unclear about franchiser obligations in case of bankruptcy or other commercial failings. Legal advice should be sought before signing contracts.

### Licensing arrangements

Transfers of proprietary information from a foreign individual or company to an Argentine individual or company and transfers of patents or trademarks are governed by Law 22,426. This law establishes two categories of transactions: those between related companies and those with third parties.

Transfers of proprietary information between related companies are subject to prior Government approval. Transfers between non-related companies do not require prior government approval, but they must be registered for information purposes. While lack of approval does not



invalidate these contracts, any payments made on the contracts will not be allowable for tax purposes and will be subject to the 27% withholding tax. Therefore, registry is recommended in order to obtain more favorable tax treatment.

#### "Joint Ventures"

Argentine legislation permits the establishment of temporary associations, equivalent to "joint ventures", known as UTEs (Union Transitoria de Empresas). This is an association of two or more individuals or companies, which contribute assets to develop or perform a particular transaction within or without Argentina, using Argentina as its base of operations. It can also perform works or render services that are supplementary or accessory to its main purpose.

UTES (joint ventures) are not considered to be companies or legal entities in their own right. Participants may be resident businessmen, locally constituted entities, or non-resident companies that have established a separate branch or other type of presence in Argentina.

A contract must be signed and registered with the Public Commercial Registry at the Office of the Inspector General of Justice (Inspeccion General de Justicia) in the Federal Capital, or its provincial equivalent. The contract must contain the objective, term of duration, name and other specific information regarding their partners' responsibilities, financial contribution and many other specific clauses. It must also provide for the appointment of a legal representative in charge of management.

See below the different forms or structures local investment can take, whether as a "joint venture" or wholly owned. Also see Chapter VII: Investment Climate for further discussion.

#### Steps to establishing an office

Foreign companies may carry out any single transaction. To carry on a habitual activity, a foreign company must establish a branch (sucursal) in Argentina. An individual must be appointed as the company's legal representative, but assignment of capital to the branch is not necessary.

#### Legal structures commonly used by investors

Regardless of whether they are associated with local investors, foreign investors may do business in Argentina as individuals or through corporations, branches of foreign corporations, limited liability companies, limited partnerships, general partnerships and "joint ventures".

Foreign corporations often operate in Argentina through a separately incorporated subsidiary rather than through a branch, primarily to reduce their potential liability. If a branch is used, all of the foreign corporation's assets, not only its Argentine assets, may be subject to potential liability. In contrast, if an Argentine or foreign subsidiary is used, the foreign corporation's liability would generally be limited to the assets owned by that subsidiary.

Registration Procedures: a law effective throughout Argentina regulates Corporations. Corporations are set up with the approval of at least two legal or natural persons, whether Argentine or foreign.

A corporation may not be a partner in a partnership. A corporation can usually be established within three to four weeks if capital is supplied only in cash. If supplied in kind, the corporation can be established within approximately two months.

The estimated total incorporation cost ranges from \$1,000 to \$2,000, including statutory books and excluding both professional fees and stamp tax (1 percent of capital).

A minimum of two founders, whether legal or natural persons, is required. There is no maximum limit on the number of founders. The founders of a company must report a domicile in Argentina for related proceedings.

A minimum of two shareholders is required. No maximum is prescribed.

The minimum initial capital is \$12,000, except for corporations engaged in banking, insurance or related activities. If the capital is supplied in cash, at least 25 percent must be paid in at incorporation, with the remainder payable in two years; if in kind, it must be fully paid in at incorporation.

U.S. firms considering establishing in Argentina are encouraged to investigate the tax and legal aspects of establishment with legal counsel before making any final decisions. Many good law firms in Argentina are available to assist a U.S. company; most have English-speaking lawyers and tax consultants. See Appendix E for a representative list of local attorneys.

#### Selling factors and techniques

When deciding on purchases, Argentine end-users look for a balance between price, quality, and after-sales service. Price is most often the predominant factor. Financing, however, is also extremely important due to the high interest rates prevailing in Argentina.

Novelty, flexibility, fast delivery and service are increasingly important to Argentine consumers.

The trend to value ecological products in search for a better quality of life is timidly but increasingly denoted in supermarkets shelves, offering products to satisfy those who care for the environment and their own health. Brand image with differentiated segmentation will prove crucial in this regard.

#### Trade promotion and advertising

An increasingly important component of the marketing-mix is promotion through visiting or exhibiting at local and regional trade shows, visiting trade shows in the U.S. attended by Argentine buyers, and

participating in trade missions to Argentina. (See Appendix G - Trade Event Schedule, for a list of upcoming events.)

Single Company Promotions, a trade event service offered by the Commercial Service Buenos Aires, provides a good means for a single company to launch its product, make technical presentations, or identify and cultivate key market makers.

Argentina has many advertising agencies and management consultants, but only the largest firms offer complete services. The leading agencies are members of the Argentine Association of Advertising Agencies (Asociacion Argentina de Agencias de Publicidad). Many major U.S. advertising agencies have branches or affiliates among the leading agencies.

Advertising in the print media is the most widely used method, although television and radio advertising are highly effective and most generally aimed at the Buenos Aires market. Many daily newspapers are published in greater Buenos Aires, including "Clarín", "La Nación" and "Ambito Financiero". Industry-focused publications are an effective mechanism for advertising.

#### Major Daily Newspapers:

##### CLARIN

Tacuari 1842  
(1139) Buenos Aires  
Phone: (5411) 4348-7745  
Fax: (5411) 4348-7705  
Web page: [www.clarin.com.ar](http://www.clarin.com.ar)  
Contact: Mr. Alberto Pazos, Commercial Manager  
Established: 1945  
Frequency: Daily  
Circulation: 780,000 (1 million Sunday circulation)

##### AMBITO FINANCIERO

Av. Paseo Colon 1196  
(1063) Buenos Aires  
Phone: (5411) 4349-1500  
Fax: (5411) 4349-1505  
Web page: [www.ambito.com.ar](http://www.ambito.com.ar)  
Contact: Mr. Marcelo Astegiano, Advertising Director  
Established: 1976  
Frequency: Daily, except Saturday & Sunday  
Circulation: 140,000

##### EL CRONISTA

Honduras 5663  
(1414) Buenos Aires  
Phone: (5411) 4778-6789  
Fax: (5411) 4775-6365;  
Web page: [www.cronista.com.ar](http://www.cronista.com.ar)  
Contact: Mr. Carlos Mallo-Leiva, Commercial Manager  
Established: 1908  
Frequency: Daily  
Circulation: 68,000

## LA NACION

Bouchard 557  
 (1106) Buenos Aires  
 Phone: (5411) 4319-1600  
 Fax: (5411) 4319-1611/2  
 Web page: [www.lanacion.com.ar](http://www.lanacion.com.ar)  
 E-mail: [lanacion@starnet.ar](mailto:lanacion@starnet.ar)  
 Contact: Mr. Daniel Goyeneche, Advertising Manager  
 Established: 1870  
 Frequency: Daily  
 Circulation: 250,000 (300,000 Sunday circulation)

## LA RAZON

Rio Cuarto 1242  
 (1168) Buenos Aires  
 Phone: (5411) 4309-6000  
 Fax: (5411) 4309-6000 interno 3  
 Web page: [www.larazon.com.ar](http://www.larazon.com.ar)  
 Email: [larazon@arnet.com.ar](mailto:larazon@arnet.com.ar)  
 Contact: Mr. Juan Alemann, President  
 Established: 1992  
 Frequency: Daily  
 Circulation: N/A  
 Comment: Afternoon paper

## CRONICA

Av. Juan de Garay 140  
 (1063) Buenos Aires  
 Phone: (5411) 4361-1001/1101/1051  
 Fax: (5411) 4361-4237  
 Email: [editor@cronica.com.ar](mailto:editor@cronica.com.ar)  
 Contact: Mr. Mario Alberto Fernandez, General Director  
 Established: 1963  
 Frequency: Daily  
 Circulation: N/A  
 Comment: Published by Editorial Sarmiento S.A.

## BUENOS AIRES HERALD NEWS

Azopardo 455  
 (1107) Buenos Aires  
 Phone: (54-11) 4342-8476  
 Fax: (54-11) 4334-7917  
 Contact: Drey Spaulding  
 Email: [info@buenosherald.com](mailto:info@buenosherald.com)  
 Comment: English-language newspaper

## Business Magazines:

## APERTURA

Av. de Mayo 605, Piso 5  
 (1035) Buenos Aires, Argentina  
 Phone: (5411) 4331-6505  
 Fax: (5411) 4331-5208  
 Internet: [www.apertura.com](http://www.apertura.com)  
 Email: [cartas@apertura.com](mailto:cartas@apertura.com)  
 Contact: Carlos Nougues, Commercial Manager  
 Circulation: 18,000

Frequency: Every two months

Advertising Rates: rate info is standard rate, open to negotiation based on total contract. \$8,000 (Back cover, color), \$6,600 (fold-out, color), \$5,900 (one-page, color), \$5,000 (2/3 page, color), \$4,000 (1/2 page, color), \$3,100 (1/3 page, color), \$5,200 (one page, black and white), \$4,000 (2/3 page, black and white), \$3,100 (1/2 page, black and white), \$2,600 (1/3 page, black and white).

Comments: Mind Opener S.A.

#### MERCADO

Rivadavia 877, Piso 2

(1067) Buenos Aires, Argentina

Phone: (5411) 4346-9400

Fax: (5411) 4346-9475

Email: info@mercado.com.ar

Contact: Monica Moccia, Advertising Manager

Circulation: n/a

Frequency: Monthly

Advertising Rates: available upon request

Comments: Published by Coyuntura S.A.

#### BUSINESS

Editorial Atlántida S.A.

Azopardo 579

(1307) Buenos Aires

Phone: (54-11) 4331-4591

Fax: (54-11) 4346-0202

Contact: Mr. Gustavo Sencio

Frequency: monthly

The public and private sectors operate radio and television stations. Argentina has 46 television broadcasting stations, plus 180 relay stations and about 1600 closed-circuit TV systems. Some 8 million TV sets are in use, with a potential audience of about 21 million (with various levels of power output). Argentina has 170 AM stations and 2000 FM radio stations. About 12 million radio sets are in use, with an estimated average weekly listenership of 21 million. In addition, 200 cable companies are operating throughout the country.

#### Pricing Products

Please refer to the Cost Breakdown example in Chapter VI.

Customized services and products can still charge some premium prices demanded by the high end of the population in certain geographical areas.

#### Protecting your product from IPR infringement

See Chapter VII. "Investment Climate - Protection of Property Rights"

#### Sales service/customer support

Customer service is becoming a differentiating factor in selling a product. Argentine consumers are paying increasing attention to after-

sales services--which is particularly important for electronic equipment--and to home delivery services.

#### Government procurement

There is no requirement for Government sourcing with Argentine companies. The "Buy Argentino" program preference system was permanently eliminated in October, 1991. Government procurement in Argentina is subject to articles 55 through 64 of the Accounting Law (Ley de Contabilidad del Estado). Government purchases of less than \$100,000 are affected by direct invitation to bid; no tender is published. Purchases of between \$100,000 and \$1,000,000 require published tenders and an open bidding process. When required, tenders are published in the Official Boletin/Gazette. Tenders for purchases of less than \$5,000,000 are published for a period of two to four days; for purchases of more than \$5,000,000, tenders are published for a period of eight days.

#### Electric current

A.C. 50 cycle, 220 volts, one phase. In the case of three-phase current: 380 volts, 50 cycles.

The Commercial Service Buenos Aires (CSBA) offers the services described below to assist you in doing business in Argentina:

**Customized Trade Contact Lists:** Using a variety of sources, including in-country databases and local expertise, we will provide a list of up to 10 potential Argentine distributors and importers of your product without charge. For \$100, we will contact up to 5 of those companies to determine if they are interested in your products, and we will add a description of the firm, the size, and sales revenue if available. We will provide this list in two to ten working days upon receipt of your credit card number and expiration date (American Express, Visa, MasterCard, Discover). Please send us a detailed description of your product so that we can target appropriate companies.

**Agent Distributor Search (ADS):** Based on parameters provided by you--like your product data, pricing guidelines and other information--, we will conduct a pre-screened search to identify 2-6 agents or distributors interested in representing your product or service in Argentina. The cost of this service is \$250. You should order the ADS through any of the Export Assistance Centers of the U.S. Department of Commerce in the U.S. Please call 1-800-USA-TRADE to locate the one nearest you. Turnaround time is 45 days.

**Commercial Intelligence Express (CIE):** In addition to identifying the interested agents/distributors described in the ADS above, the Commercial Intelligence Express features additional services that we believe will increase the likelihood of your success. For an additional fee of \$125, we will add the following to your \$250 ADS:

- Arrange translation of your company's introductory letter.

- Determine relevant import tariff(s) or range of relevant import tariffs and provide an illustrative study of direct import costs. This will help you set appropriate pricing for this market.
- Using a specialized database, provide data on import trends of like products in Argentina.
- Provide a list of the major trade promotion opportunities in your sector (fairs, exhibitions, conferences) with dates, contact, address of organizers, target audience, attendance, booths' sizes and prices.
- Provide a list of publications with contact, address, target audience, and advertising rates. List of useful web sites, where you can find additional information.

Video Turn Key (VTK): Clients subscribing to an ADS plus CIE (\$250 + \$125) are entitled to two free follow-up interviews via videophone. We will schedule the interviews with any two companies that the ADS/CIE client selects from the list included in the ADS report.

Those clients needing quicker turnaround may order a full VTK. For \$375 we will prepare a list of at least 6 pre-screened Argentine companies interested in your product. You then choose 2 companies with which to conduct video conferencing. Please take note that pricing assumes that the phone calls are initiated and paid for by the U.S. company using the service. Likewise, the U.S. company pays for interpretations services, when these are needed.

Gold Key Service (GKS): This service allows U.S. firms to efficiently and effectively travel to Buenos Aires for face-to-face meetings with potential business partners. We will prepare a customized schedule of appointments with pre-screened potential agents, distributors, or other business contacts, according to your needs. This service also includes a briefing with Commercial Service staff, and additional information listed in numbers 2, 4, 5, & 6 of the Commercial Intelligence Express. The cost for this service is \$500 first day, \$450 each additional day of appointments. If needed, we can arrange for an interpreter and a driver for an additional fee. (Interpretation: \$200 per day. Car/driver: \$100/\$150 per day, depending on mileage and hours worked. In both cases, the GKS client should pay the contractor in cash on termination of services.)

Market Entry Express (MEE): The MEE provides customized market research for companies wishing to have specific questions answered. Price is dependent on level of detail, availability of information, and time required to conduct the research. The average cost ranges from \$100-\$1,000, and will be quoted to the company prior to providing the service. We will normally provide the information requested in 2 to 10 working days.

Customized Market Analysis (CMA): Currently priced at \$2,400, the CMA provides a comprehensive, detailed study of the Argentine market for your specific product or service. The report will include information on distribution channels, competitors in the market, typical pricing, customer preferences, tariff and non-tariff barriers, contacts, and other key information needed to develop your market penetration strategy for Argentina. The report is confidential and remains proprietary.

Payment Methods: If you would like to order any of the services described above, please provide your American Express, Visa, MasterCard, or Discover credit card information, so we may start working on your request immediately. Please indicate credit card type and number, holder name, and card expiration date. Our telephone number is 5411-4777-4533/4534/4539, extension #2226/2227; our fax number is 5411-4777-0673; our e-mail address is Buenos.Aires.Office.Box@mail.doc.gov

Please keep in mind that to qualify for U.S. Government assistance your product/service must have at least 51 percent U.S. content. We would appreciate your confirming that your product or service meets this requirement.

In addition, we encourage you to contact the nearest U.S. Department of Commerce Export Assistance Center, where trade specialists can provide you with guidance on entering the Argentine or other international markets. Please call 1-800-USA-TRADE to locate the one nearest you.

MONEY BACK GUARANTEE: To further ensure the success of your ventures in Argentina, we offer a money back guarantee. If you are not satisfied with the quality of our work, we will gladly refund your money.

#### V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

##### Best Prospects for Non-Agricultural Goods and Services

1. Airport Ground Support Equipment (GSE)
2. Travel and Tourism Services (TRA)
3. Power Generation Equipment (ELP)
4. Mining Industry Equipment (MIN)
5. Telecommunications Equipment and Services (TEL)
6. Computers and Peripherals (CPT)
7. Plastics Materials & Resins (PMR)
8. Oil and Gas Field Machinery (OGM)
9. Medical Equipment (MED)
10. Water Equipment (WRE)
11. Building Products (BLD)
12. Food Processing & Packaging Equipment (FPP)

Aside from these 12 Best Prospect sectors for which detailed data follows, U. S. firms should be aware of opportunities arising in other segments of the Argentine economy. The industrial and commercial sectors and sub-sectors that will present a rising potential during 2000 and beyond include: Materials Handling Equipment, Plastics Machinery, Industrial Chemicals, Pollution Control Equipment, Printing & Graphic Arts Equipment, Tools: Hand & Power, Software, Packaging Materials, Franchising, Agricultural Machinery, Security Equipment and Services, and Hotel & Restaurant Equipment.

The statistical information contained in the following tables is based on the following:

- Imports: C.I.F. costs;
- Local production: ex-factory costs;
- Exports: F.O.B. prices



BEST PROSPECT SECTORS FOR U.S. EXPORTERS TO ARGENTINA  
(\$ millions, unless otherwise noted)

Rank: 1

Name of Sector: Airport Ground Support Equipment

ITA Industry Code: GSE

	1997	1998	1999	Growth
Total market size	124	267	342	20%
Total local production	75	98	122	25%
Total exports	8	9	11	8%
Total imports	57	178	231	30%
Imports from U.S.	28	76	114	50%

Exchange Rate: Since April 1, 1991, one peso equals one dollar

Estimated Future Inflation Rate: 1 percent

1998 import market share: U.S.: 42.7 %, Japan 6.2 %, Brazil: 7.4%,  
Italy: 3 %. Other 40.7

SOURCES: The above statistics are unofficial estimates, based on  
Argentine Customs data and other sources.

Argentina recently completed the world's most ambitious airport privatization program. In February of 1998, 33 airports were handed over to an international consortium Aeropuertos Argentina 2000 (AA2K). The anticipated investment in airport infrastructure, including ground support equipment, is expected to reach a peak of over \$1.7 billion in the 1999-2004 period. Approximately 15 percent of this amount (\$230 million) is scheduled to be invested during the first three years of the concession to upgrade Ezeiza, Buenos Aires' international airport.

Also in 1998, the Argentine Government deregulated charter flight and air cargo activities in Argentina. This is contributing to the growth of air cargo services and should facilitate the market entrance of international companies and contribute to the general expansion of the regional airport system. Historically, local firms have not actively developed this market. Above factors are translating into a strong demand for a wide range of handling and support equipment. Both the government and private sector are aiming at reducing costs and improving efficiency whilst keeping pace with the steady growth in flight operations as well as the increasing number of arriving and departing passengers.

The AA2K consortium, formed by Ogden Aviation Services (U.S.), Corporación America (Arg.) and SEA (Milan Airport Authority, Italy) will have control over 33 airports for forty years (30 years plus 10 more in a possible extension) on a Build, Operate and Transfer (BOT) concession. As part of the concession contract, AA2K has agreed to pay

the Argentine government an annual fee of \$171 million that will allow for major infrastructure upgrades in 25 other airports and airfields that remain under government control. It is important to note that a few Argentine provinces, such as Sante Fe, Chaco, Neuquen and Tierra del Fuego, decided not to include some of their airports in the privatization package. This should generate additional demand for U.S. airport operators and equipment suppliers.

Airport ground support products with the highest sales potential are airport security systems: luggage and passenger inspection systems, forklifts, escalators, moving walkways, pneumatic elevators and conveyors, luggage tracking systems, insulated windows, and many more.

Rank: 2

Name of Sector: Travel And Tourism Services

ITA Industry Code: TRA

	1997	1998	1999	
Growth				
Total Passengers (thousands of travelers)	503	524	534	2%
Average Expenditures (thousands of dollars per visitor)	1.6	1.6	1.6	
Est. Sales by U.S. firms	804	838	854	

Exchange Rate: Since April 1, 1991, one peso equals one dollar

Estimated Future Inflation Rate: 1 percent

Sources: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

Argentina ranks among the top ten countries that contribute tourists to the United States. Argentines are big shoppers, and it is estimated that they spend almost twice as much as European tourists when visiting the United States, or around \$ 1,600 per traveler.

The tourism visa waiver program for Argentine citizens contributed to increasing the number of tourists travelling to the U.S. Additionally, American Airlines equity participation in Argentina's flagship airline, Aerolineas plus the launch of a fourth gateway to the U.S., Chicago, should contribute to further growth in the number of Argentines travelling to the US.

Argentina's increase in travel and tourism increase is attributed to the increased number of flights and discounted air services, shopping opportunities and expanding business-related travel. The estimated growth rate for the year 2000 and beyond is two percent annually.

The top destinations visited by Argentines are: the State of Florida, the city of New York, the State of California, Chicago, Washington D.C.

and Las Vegas. Promising sub-sectors are study in the U.S. and business travel to major trade shows and conventions. Travel to non-traditional destinations is a sub-sector that is being promoted aggressively, and therefore growing.

Rank: 3

Name of Sector: Power Generation Equipment

ITA Industry Code: ELP

	1997	1998	1999	Growth
Total market size	445	790	472	11%
Total local production	150	160	152	5%
Total exports	35	54	40	10%
Total imports	330	688	360	12%
Imports from the U.S.	129	218	140	14%

Exchange Rate: since April 1991, one dollar equals one peso

1998 import market share: U.S.: 31.69%, Germany: 17.74%, Japan: 15.71%, Italy: 5.89%, others: 28.97%

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

The privatization of a vast majority of Argentina's power generation plants, coupled with the establishment of a Wholesale Power Market Administration Company has led to a gradual, steady drive to upgrade existing facilities. Grid access is based on the rule of "most efficient supplier comes first". There has also been a noticeable trend to install co-generation facilities. The availability of ample natural gas reserves and the upgrading of the gas transportation network are conducive to this type of undertaking that is on the verge of going international. Cross-border pipelines are being projected and built to carry Argentine gas to neighboring Chile, Brazil, and Uruguay. There are projects under execution or in the planning stage to build thermal plants near these pipelines on both sides of the border.

There will be good opportunities for U.S. manufacturers in the following product categories: turnkey gas burning generation and co-generation plants combined cycle plants, generator sets, transformers, and switchgear.

Rank: 4

Name of Sector: Mining Equipment and Supplies

ITA Industry Code: MIN

	1997	1998	1999	Growth
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Total market size	197	259	206	11%
Total local production	52	50	60	0%
Total exports	13	14	21	-20%
Total imports	158	223	167	12%
Imports from the U.S.	81	104	75	13%

Exchange Rate: Since April 1991, one dollar equals one peso

1998 Import Market share: U.S 46.5%, Brazil 23%, Canada 8%, Italy 4.6%, others 18%

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

The mining industry in Argentina was practically dormant for many decades. In the early nineties, a process of transformation began. The changes in legislation governing foreign investment, and the reform of mining legislation, coupled with a strong drive by the Argentine government made it attractive for international mining companies to establish themselves in Argentina to explore for copper and gold. Although recent drops in world prices for these metals have moderated the pace of investment, there is still sufficient interest in local prospects to keep some 40 or 50 junior companies walking the mountains of Western Argentina. Three sizeable new properties have recently been developed: Bajo de la Alumbrera (cu, au) and Salar del Hombre Muerto (li), which came on stream in 1998, and Cerro Vanguardia (au, cu), which will start up before the end of 1999. These mines were responsible for a sharp increase in the importation of equipment and supplies, which will now show a momentary drop. It is expected, however, that new properties will be developed in 1999 and thereafter, creating a growing demand for equipment and supplies. The conspicuous absence of large U.S. mining companies in the local scene (with the exception of FMC Lithium) has ended by the recent arrival of Homestake (Veladero), and Sunshine (Pirquitas).

Best prospects are diamond coring equipment and tools, crushing and milling equipment, large all terrain haulers, bulldozers, and large excavators.

Rank: 5

Name of Sector: Telecommunications Equipment

ITA Industry Code: TEL

	1997	1998	1999	Growth
Total market size	1,294	1,335	1,535	15%
Total local production	150	172	198	15%
Total exports	30	31	33	5%

Total imports	1,174	1,194	1,370	15%
Imports from U.S.	539	562	590	5%

Exchange Rate: Since April 1991, one dollar equals one peso

Estimated Future Inflation Rate: 1 percent

1998 import market share: U.S.: 27 %, Sweden: 25 %, Germany: 20 %, Japan: 17 %

Sources: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

Telecommunications equipment suppliers reported revenues for a total of \$1,750 million in Argentina during 1997 and \$1,950 million in 1998. This includes services (project engineering, installation, maintenance/repair and training), estimated in 20 percent of total revenues. The main suppliers are Ericsson (15,4% market share in 1998), Siemens (13,9%), Motorola (11,4%), Lucent (7,7%), Nokia (7,2%), Alcatel (6.2%) Nec (5.1%) and Nortel (3.1%).

The Argentine telecommunications market was one of the first in Latin America to be privatized. Back in 1990, just before the privatization, there were 3 million telephone lines installed and virtually no value-added services. By December 1999, there will be over 8.5 million telephones lines installed and over 400 value added service providers. Moreover, Argentina is the country with highest cable T.V. penetration in Latin America: 70 percent in Greater Buenos Aires, 45 percent nationwide.

In March 1998, the GOA announced the Liberalization Plan of the Argentine Telecom market. This entails an opening of all the services in this sector in different stages from now until November 2000. The first phase of the deregulation is the opening of basic telephony in November 1999. Additionally, in May 1998 the Argentine and the U.S. Governments signed a Reciprocity Agreement for Satellite Services. The licenses granted for PCS services in June 1999 also accelerate the building of new networks. This new scenario offers very interesting opportunities for U.S. equipment and services suppliers.

As basic telephony becomes more available throughout the country, demand for sophisticated value-added services will increase and generate demand for specific equipment and software.

The subsectors presenting the highest sales potential are: value-added telecom services, data communication equipment, personal communications services (PCS), telecom sites infrastructure equipment and services, fiber optic cables and accessories, tele-supervision of fiber optic connections, software for management of telecommunications networks, fixed wireless systems (for rural telephony), WLL and LMDS technology; trunking systems, satellite transmission and reception equipment and decoders.

Rank: 6

Name of Sector: Computers and Peripherals

ITA Industry Code: CPT

	1997	1998	1999	Growth
Total market size*	1,024	1,087	1,212	10%
Total local production	350	360	390	5%
Total exports	4	5	5.6	0%
Total imports	678	732	827	10%
Imports from U.S.	406	439	496	8%

Exchange Rate: Since April 1, 1991, one dollar equals one peso

Estimated Future Inflation Rate: 1 percent

1998 import market share: U.S.: 21.6%, Brazil: 18.6%, Italy: 8.9%, Other: 50.9%.

SOURCES: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

The Argentine market for computers and peripherals continues to be one of the fastest growing sectors in the Argentine economy, fueled by a constantly increasing demand. The U.S. is the leading supplier, but imports originating in subsidiaries of American firms based in Brazil are rapidly gaining market share. The Brazilian devaluation of December 1998 has translated in increased imports from Brazil due to the resulting reduction in prices. A strong local currency -the Argentine peso which has been on a par with the U.S. dollar since April 1991- will continue to spur a sustained trend to re-equip with affordable advanced solutions. Despite the projections of a negative growth of the Argentine GDP for 1999, the IT industry is expected to grow 10 percent. Imports of computer products satisfy approximately 80 percent of total sales. Sixty percent of the PCs installed in Argentina are locally assembled clones with parts imported mainly from the U.S. Clones are used mainly in small and medium sized firms and in the home(soho)market. On the other hand, quality products from the U.S., especially brand-name PCs will continue to find good demand from the corporate sector. Thirty five percent of these are imported from the U.S.

The major end-users are firms in the financial, retail, telecommunications and services sectors as well as companies in the area of electric power distribution, natural gas and others. Companies that offer full solutions (and system integrators), including hardware, software, installation, and after sales technical assistance have better sales opportunities in the market.

The U.S. market share in servers (multi-users systems) and data communications equipment is around 90 percent. In the PC segment (single user) the share is decreasing significantly in terms of direct imports from the U.S. although many PCs imported from Brazil or Mexico have 80 percent U.S. components and bear a U.S. brand name. U.S.

brands that dominate the market are Compaq, IBM and HP. Acer ranks fourth in sales of PCs. Assembly aside, local suppliers offer little competition. The most promising sub-sectors in 2000 will be: PCs, printers, servers, minicomputers, laptops, notebooks, CD ROM drives, multimedia kits, memories, hard drives, connectivity products, POS and others.

\* The U.S. market share (including both U.S. origin and shipments by U.S. companies but originating in other countries) is about 70 percent of the Argentine computer import market. It is important to note that there is a gray market of computer parts (around 20 percent) which is not included in these estimates. Profit margins from the distribution chain are not included either. Therefore, total market size (multi-users, single users and data comm. equipment) for 1999 is estimated at \$1.6 billion.

Rank: 7

Name of Sector: Plastics Materials

ITA Industry Code: PMR

	1997	1998	1999	Growth
Total market size	1,031	1,095	1,038	11%
Total local production	480	530	500	10%
Total exports	131	195	164	8%
Total imports	634	682	702	10%
Imports from the U.S.	212	235	262	12%

Exchange Rate: Since April 1991, one Peso equals one dollar

1998 import market share: U.S.: 37%, Brazil: 30%, Germany: 7%, other: 26%

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

There are over 2,600 converters of plastics in Argentina, operating some 3,200 plants, of which only 50 can be considered large by international standards. They employ 32,000 workers, and contribute 1.1 percent to Argentina's GDP. Local consumption of plastic materials is estimated at 27 kilograms per inhabitant, per year. Although there is substantial development of the local plastics processing industry because of the ample supply of domestic hydrocarbon reserves, there is also a very active import trade. The imported products with the highest demand are: low density polyethylene (approx. 100,000 tons/year), high density polyethylene (approx. 80,000 tons/year), PET (75,000 t/yr.), PVC (55,000 t/yr.), polypropylene (20,000 t/yr.), polystyrene (6,000), ABS (3,600), and expanded polystyrene (3,000).

Rank: 8

Name of Sector: Oil and Gas Field Machinery

ITA Industry Code: OGM

	1997	1998	1999	Growth
Total Market Size	127.8	165.9	146.5	12%
Total Local Production	92.1	94.0	86.3	9%
Total Exports	11.6	12.1	9.8	5%
Import Market	47.3	84.0	70.0	15%
Imports from U.S.	25.0	41.1	33.9	16%

Exchange Rates: Since April 1991, one dollar equals one peso

1998 Import Market Shares: U.S. 48%, France 12.3%, Brazil 11.0%, Italy 7.1%, Canada 3.7%, others 27.9%.

Source: The above statistics are estimates, based on Argentine Customs data and industry sources.

An investment boom occurred in this sector following the deregulation of hydrocarbons in 1991 and the multiphase process that led to the privatization of the state oil company, YPF. Total foreign investment in oil and gas sector during this decade is estimated at \$ 8 billion. Repsol of Spain has recently acquired YPF and has announced future investments of \$7 billion in Latin America of which a large portion will be invested in Argentina.

The U.S. is, by far, the most important exporter of oil field equipment to Argentina but it should also be noted that some U.S. firms are also producing equipment here.

There are three general areas with favorable prospects for sales. First, the initial rush to invest in petroleum production in the early 1990s has now created a situation in which many wells require the adoption of secondary recovery methods. Second, the process of regional integration in energy has given rise to an active trade in natural gas and electricity across national borders. Several pipelines are being planned or are under construction to export Argentine natural gas to Brazil, Uruguay and Chile.

Rank: 9

Name of Sector: Medical Equipment

ITA Industry Code: MED

	1997	1998	1999	Growth
Total market size	271	288	303	5%
Total Local	70	78	82	5%



## Production

Total exports	15	17	18	3%
Total imports	216	227	239	5%
Imports from the U.S.	85	93	100	8%

Rate of exchange: Since April 1991, one dollar equals one peso

1998 import market share: U.S.: 41%, Japan: 12%, Germany 9%, Netherlands: 5%, Italy: 3.6 %, Other: 25%

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other industry sources.

Argentina ranks first in health care expenditures in Latin America. Several hospitals formerly run by the Argentine Federal Government have been transferred to the provinces and municipalities. Even though the Federal Government has not increased its budget for hospital equipment, the facilities that were transferred have been upgrading their equipment.

The Argentine medical equipment market had been projected to grow at an annual rate of 8 to 10 percent during the period 1999-2000. This assumption was based primarily on IBRD (World Bank) project financing and loans to upgrade the Argentine public health system. However, due to an overall decrease of the economic activity and to upcoming presidential elections in October 1999, decisions to reform investment in the healthcare sector will be delayed. Growth projections will be inevitably lower than initially predicted.

Trade barriers are few in the Argentine medical equipment market but financing is crucial when selecting foreign suppliers. Competition from local manufacturers is low, particularly in the high-technology end of the market. Best sales prospects for new medical equipment are: imaging systems; optical microscopes; scanning microscopes; sterilizers; portable analytical instruments; and dental chairs and lasers.

Rank: 10

Name of Sector: Water Equipment

ITA Industry Code: WRE

	1997	1998	1999	Growth
Total Market Size	137.0	157.0	214.0	12%
Total Local Production	52.0	60.0	72.0	15%
Total Exports	28.0	32.0	28.0	10%
Import Market	113.2	128.9	153.6	12%

Imports from U.S.	43.7	44.3	50.5	14%
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Rate of Exchange: Since April 1991, one dollar equals one peso

1998 Import Market Shares: U.S. 32%, Germany 23%, France 19%, Sweden 11%, other: 15%.

Source: The above statistics are estimates, based on Argentine Customs data and industry sources.

There are six important water resource sub-sectors in Argentina: irrigation, drainage, potable water (sanitation works), river redirecting, civil defense and preventive measures. Additionally, there is the planning and implementation of hydroelectric energy projects. However, for our purposes, they are included under the Power Generation sector.

This overall market showed a rapid growth during the past decade, with many privatizations and concessions in public services. The current role of the government in development and financing of the sector continues to be of fundamental importance. Consequently, funds and credit set aside for works in this market segment have evolved as follows: under \$500 million in 1995; \$800 million in 1996, \$1.1 billion in 1997. An even larger growth is expected for the year 2000: close to \$1.7 billion annually.

The U.S. is the main supplier, with 32 percent of total imports. Sales by U.S. firms grew from \$35 million in 1995, to \$44 million in 1998. This rise is expected to hold at 14 percent annually during the next two years.

Products showing the strongest potential are: reverse-osmosis equipment, submersible electric pumps, water filtration equipment, flow meters, and measuring vessels with peripheral equipment.

Rank: 11

Name of Sector: Building Products and Supplies

ITA Industry Code: BLD

	1997	1998	1999	Growth
Total market size	1275	1535	1313	10%
Total local production	1000	1220	1050	15%
Total exports	139	135	115	8%
Total imports	414	450	382	10%
Imports from U.S.	95	97	83	12%

Exchange Rate: Since April 1, 1991, one peso equals one dollar

Estimated Future Inflation Rate: 1 percent

Last year's import market share: U.S.: 21.6%, Brazil: 18.6%, Italy: 8.9%. Other: 50.9 %.

Sources: The above statistics are estimates, based on the Instituto Nacional de Estadística y Censos-INDEC data (National Statistics and Census Institute) and Cámara Argentina de la Construcción data (Construction Industry Trade Association).

Overall construction activity has grown by approximately 16 percent annually in the past few years and the sector accounts for a rising 5.4 percent of the Gross National Product. However, after experiencing record growth in 1998 and virtually no cost variations, the construction industry in Argentina is adjusting to the new world economic reality. Sector specialists predict that overall sales in 1999 will drop at the most 15 percent below 1998 levels. Previous years growth has been driven by ongoing developments in business and housing, hotels, infrastructure works, penitentiaries and shopping centers. At present, imports supply 30 percent of the market

The Argentine Construction Industries Association (CAC) estimates that total investment in this sector will reach \$29 billion, of which \$911 million will be public works at all levels. The number of projects under way or in the development stage indicates that companies involved in construction projects from 1999 through the year 2002 will nearly double.

Local production of building and construction materials is very well developed and consists of traditional, not very advanced building products that have been preferred by local builders. Most local manufacturers lack state-of-the-art technology and prices are high in comparison with the US. Historically, prices in Argentina have been above the international average. Industry experts indicate that technological innovation brought in by imported construction materials is simultaneously driving down costs and increasing quality. U.S. suppliers should note that imports from MERCOSUR members enter Argentina free of duties.

Although the national and provincial governments will be initiating many new construction projects, the principal driving force in the construction industry is the private sector, which will continue to generate over 80 percent of all new construction. The Construction Industry Association (CAC) estimates that in the next 20 years, Argentina needs to build three million houses.

Rank: 12

Name of Sectors: Food Processing & Packaging Equipment

ITA Code: FPP & PKG

	1997	1998	1999	Growth
Total market size	197.5	204	213	5%
Total local production	44.5	48	48	0%
Total exports	27	29	29.3	1%

Total imports	180	185	194.3	5%
Imports from the U.S.	31	34	37	8%

Exchange Rate: Since April 1991, one dollar equals one peso

1998 import market share: Italy: 24.5%, U.S.: 18%, France: 9.5%, Germany: 12%

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other industry sources.

Regional and global competition has encouraged Argentine food industrialists to invest in state-of-the-art processing and packaging equipment. Growth in packaging is mainly driven by growth in the food industry, with constant new product launches in a wide variety of packaging. Imports supply 90 percent of the total market for the combined sectors. Italian suppliers have the lead in general packaging equipment with a market share of 32 percent, followed by Germany with 13.4 percent and the U.S. with 12.6 percent. The U.S. leads in food processing and food packaging equipment with a share of 29 percent, followed by France with 14.6 percent and Italy with 10 percent.

In view of Argentina's growing trade deficit, it is expected that the country will increasingly rely on its traditional role as an exporter of food products and increase its export performance. In spite of a sharp decline in purchases by Brazil -a traditional market for Argentine food products absorbing 30 percent of exports- Argentine processed food exporters should have a better performance during the last quarter of 1999. Food exports grew 8 percent in January 1999 vis-à-vis the same month of 1998 and overall economic activity is anticipated to pick up during the fourth quarter of 1999. As a result, it is expected that demand for equipment should be steady, and continue to grow during the year 2000.

#### Best Prospects for Agricultural Goods and Services

1. Planting seeds
2. Animal genetics
3. Dairy products
4. Snack foods
5. Wine and beer

#### BEST PROSPECTS FOR AGRICULTURAL PRODUCTS (\$ millions, unless otherwise noted)

Rank: 1

Name of Sector: Planting seeds

ITA or PS&D Code: 24SR

	1998	1999	2000	Growth
Total market size	1,000	900	950	6%
Total local production	980	910	955	5%
Total exports	65	70	70	0%
Total imports	85	60	65	8%

Total imports from U.S.	55	40	45	12%
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Exchange Rate: One Peso equals one dollar.

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

Although seed exports from the U.S. are expected to drop in 1999 due to the bad situation of the local farm sector, seeds remain the single most important agricultural product imported into Argentina from the United States. The market for 2000 is expected to rebound slightly, based on projections of better prices and an improved world economy. The Argentine farm sector is going through many changes to compete in the global grain market, with agricultural producers looking for ways to increase productivity. Therefore, the increased use of very good genetics and quality seeds provide a great opportunity for market expansion (including bio-tech varieties). Market demand for forage seeds (especially alfalfa) is currently weak as result of lower cattle and farmgate milk prices. However, improvements in the short/medium term are expected to maintain a firm demand for U.S. seeds. Seed for cotton production is also expected to grow as local supplies are reported to be of relatively poor quality. However, soon a local subsidiary of a U.S. seed company will be multiplying GMO cottonseed in the country. There is a good distribution network in the country primarily operated by subsidiaries of U.S. companies and smaller local firms. Seed companies in Argentina are the major competition, with most selling locally produced seed. Australia, and to a smaller extent Brazil, are the main foreign competitors in a market dominated by the United States.

Rank: 2

Name of Sector: Animal Genetics (Semen & Embryos)

ITA or PS&D Code:

	1998	1999	2000	Growth
Total market size	15	15	16	7%
Total local production	9	9	10	11%
Total Exports	1	1	2	100%
Total imports	7	7	8	14%
Total imports from U.S.	6	6	7	17%

Exchange Rate: One Peso equals one dollar.

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

Argentina has shown to be a very good market for animal genetics, especially semen. Imports of higher quality dairy genetics, among other factors, have shown to improve farmers' productivity. U.S. Holstein genetics (which in 1998 represented 70 percent of all imported semen from all countries and breeds) have become very popular among local dairymen. Beef genetics, primarily Angus, Red Angus and Polled Hereford, are significantly smaller, but still represent a good market. The cattle market, and especially farmgate milk prices, have dropped in the past months, forcing returns to shrink significantly. However, under a recuperated global economy, Argentine beef and dairy products

are expected to expand to a greater number of markets. For this reason, local producers need to continue the road of productivity and efficiency and one of the best ways is to use top genetics which can and are supplied by the U.S. primarily.

Rank: 3

Name of Sector: Dairy Products

ITA or PS&D Code: N/A

	1998	1999	2000	Growth
Total market size	4,200	4,200	4,300	2%
Total local production	4,504	4,515	4,685	4%
Total exports	325	330	400	21%
Total imports	21	15	15	0%
Total imports from U.S.	8	8	10	25%

Exchange Rate: One Peso equals one dollar.

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

The dairy sector is one of the most dynamic sectors of the Argentine economy. Large investments have been made in the past few years by both Argentine and foreign companies, mainly from Europe. As a result, both processing capacity and the number of products available in the domestic market have expanded. This industry is expected to continue to grow at a rate of about 5 percent per year. However, domestic consumption is expected to expand at a slower pace, because of an already high per capita consumption and a strong economic recession, which is expected to continue throughout 1999. As a result, there will be a growing excess product for export. Many local and foreign dairy processors have incorporated modern technology in their plants. Although limited, exports of U.S. dairy products are expected to continue to grow. Apart from dried whey and rennet, novelty products have the best potential to address niche markets. Cream cheese, ice cream, frozen yogurt, etc. are widely accepted among the upper-middle and high socioeconomic strata. American and cheddar cheese also have good market potential. Most foreign competition comes from EU members.

Rank: 4

Name of Sector: Snack Foods

ITA or PS&D Code: N/A

	1998	1999	2000	Growth
Total market size	240	230	240	4%
Total local production	255	242	255	5%
Total exports	30	25	30	20%
Total imports	15	13	15	15%
Total imports from U.S.	10	10	10	0%

Exchange Rate: One Peso equals one dollar.

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources

Argentines enjoy salted snacks. Local companies, most of them subsidiaries of multinational firms, dominate the different segments of this category. However, there are niche markets that are well explored by imported products. Well-known foreign brands are able to compete against local products. Novelty products have great chances to succeed in this highly competitive market. Snack imports from the U.S. in the past several years have averaged approximately \$10 million annually. U.S. products are generally recognized as of higher quality and novelty. Although Argentina is expected to go through a recession in most of 1999, a turn around in its economy is expected for 2000, encouraging a greater demand.

Rank: 5

Name of Sector: Wine & Beer

ITA or PS&D Code:

	1998	1999	2000	Growth
Total market size	3,271	3,200	3,250	2%
Total local production	3,400	3,365	3,465	3%
Total exports	165	200	250	25%
Total imports	36	35	35	0%
Total imports from U.S.	3	4	5	25%

Exchange Rate: One Peso equals one dollar.

Source: The above statistics are unofficial estimates, based on Argentine Customs data and other sources.

Wine (including sparkling wine) and beer market has been going through important changes in the past few years. Beer consumption has grown significantly as result of a shift from inexpensive wine (table wine). Per capita consumption doubled in less than seven years. Beer production in 1998 almost equaled that of wine in liters, reflecting the more than \$1 billion dollars of investment. Although the beer market is a mature market with a strong presence of domestic products (with a very strong domestic brand and several others international), there is room for new brands. Some retailers are importing lower-priced beer to compete against domestic products. On the wine side, the market is changing toward the demand for better quality and higher-priced products. U.S. wines, primarily Californian, are gradually coming into the market to supply a niche market of consumers which like to drink wines from all over the world. Sparkling wine demand is booming, as consumers are going for lighter, clearer carbonated alcoholic beverages. Domestic production is expanding, but there is a good demand for imported products, mostly coming in from Europe and Chile.

## VI. TRADE REGULATIONS AND STANDARDS

The basic legislation affecting import and export transactions is contained in the Customs Code (Law 22,415), which came into force in September 1981.

In the 1990s, the Government of Argentina eliminated most non-tariff barriers (such as government procurement and investment regime reform) and specific duties, and made major progress in reducing traditional

border barriers (such as tariffs and import licensing). The average tariff was reduced to about 14 percent. Trade was opened to all potential exporters and importers, making Argentina one of the most open economies in the world. However, some new restrictions are starting to be introduced, specifically in the area of customs valuations.

Generally, there are no preliminary requirements for imports and document requirements have been simplified substantially. However, some very few goods may only be imported into Argentina with a permit from the pertinent authority, such as explosives, arms and ammunition, certain foodstuffs, including artificial sweeteners, pharmaceutical products, and electrical appliances.

#### Rebuttal procedure

Argentine Customs Law 22,415 provides a procedure whereby the importer may appeal to Argentine Customs, in the event that a customs provision has been incorrectly assessed (e.g., customs valuation, tariff classification, duties charged, etc.) The rebuttal should be addressed to the appropriate customs office and submitted in written form within ten days of occurrence.

#### Trade barriers

Despite the generally favorable environment for imports, the authorities occasionally erect protectionist barriers. For example, in 1997 the government imposed specific duties on footwear as part of a safeguard investigation initiated at the request of domestic producers. Specific duties have also been applied to the textile industry and to toys.

In response to WTO (World Trade Organization) standards, and in accordance with article VIII of GATT (General Agreement of Tariff and Trade), the Argentine Government reduced the "Statistical Fee" from 3 percent to 0.5 percent imposed on most imports from countries outside MERCOSUR.

#### Non-tariff barriers

A major non-tariff barrier is the automotive industry tariff/quota system and the special regime for auto parts imports. The Argentine/Brazil auto agreement establishes preferential market access treatment for both countries to protect the MERCOSUR automobile industry. The quotas are to be eliminated by January 1, 2000, as part of a MERCOSUR-wide automotive regime. Beginning in 1997, tariffs on cars imported from countries outside MERCOSUR will fall gradually to 20 percent by 2000. A complicated system of reciprocal obligations exists between Argentina and Brazil. Currently, there exists a trade-balancing scheme that determines import levels for auto assemblers. The Argentine government separately sets annual quotas for official distributors of foreign cars and auto dealers, as well as for other firms and individuals. Foreign auto manufacturers (including U.S. firms) in these countries receive national treatment.

In addition, temporary quotas exist on paper, pulp, and footwear. Prior government approval is required for imports of other sensitive



goods such as pharmaceuticals, foodstuffs, insecticides, veterinary products, medical devices, and defense materials. Many food-related and agricultural imports, such as livestock, plants, bulbs, cuttings, rhizomes, roots, grains, and plant products, require a sanitary certificate issued by a competent authority in the exporting country. Products destined for human consumption must fulfill certain specifications and be labeled and packed accordingly. In 1997 the Argentine government put in place greater certificate of origin and consularization requirements on a broad range of imports generally covering but not limited to consumer goods, textiles, apparel and footwear, printing machines, and machine tools.

Meanwhile, Argentina prohibited the entry to certain US agricultural products, including fresh pork, Florida citrus and some California fruits. For more information please contact the Foreign Agricultural Service.

For intellectual property right barriers, please refer to Chapter VII. "Investment Climate - Protection of property rights".

#### Import license

On February 8, 1999, the Argentine Government implemented a new import license regulating 1,276 products. Per resolution MEOSP 17/99 the Government of Argentina requires the presentation of an import license, i.e. the "Formulario Informativo", for customs clearance purposes. The purpose of this measure is to provide Argentine customs officials with a lead time to identify potential problem shipments, i.e. possible under-voicing or other unfair trade practices.

Products affected include: certain organic and inorganic chemicals; plastics and products made of plastic; products made of paper or paperboard; textile products; apparel; footwear; wood and articles made of wood; books, newspapers and printed products; iron, steel and metal products; capital goods; furniture and toys.

To receive customs clearance, this form must be approved by the Under-Secretariat of Foreign Trade, of the Secretariat of Industry, Commerce and Mining, which has up to 10 days to issue approval/non approval. If the Ministry does not reply within the specified 10-day time frame, the importation is considered approved. This procedure is considered an automatic system of authorization, and it complies with the WTO. Neither importers nor exporters must pay a fee for this license. This license is valid for 60 days from the approval date. Only clean and complete original copies will be accepted; corrections, manual markings, edits or additions will result in non-acceptance. If discrepancies exist between this form and other relevant customs documentation, the Under-Secretary will not issue the required license. Each Harmonized Schedule (HS) Code, i.e. each different product, must have a different form. Any false information submitted in this form is punishable by the Customs Office pursuant to customs regulations.

The following are exemptions to this regulation:

- 
- Import transactions of less than FOB USD 800
- Goods imported under the "Postal Regime"
- Goods imported under the "Sample Regime"

- Goods imported under the "Automotive Industry Regime" to be included in a production process
- Goods covered by decree 732/72 "Science, Art, Technical and Human Health" and donations covered by the article 17 of Law 23.871.

For a complete list of HS codes regulated under this resolution, please contact Commercial Service Buenos Aires.

#### Customs valuation

On January 1, 1995, Argentina implemented the MERCOSUR Common Nomenclature, known as the NCM, which is consistent with the Harmonized System for tariff classification.

Since January 1, 1992, the Argentine tariff classification system -- Harmonized System (HS)-- has been used to specify tariff classifications. The HS was implemented on January 1, 1992 and is aligned with the WTO Customs Classification Code adopted in 1979.

Ad-valorem duties are assessed on the C.I.F. value of the imported merchandise (at the Argentine port or airport concerned). The average unweighted tariff is approximately 14 percent.

#### Fines and penalties

The Argentine authorities are concerned about over and under invoicing. These acts are subject to fines and penalties pursuant to customs and foreign exchange regulations. Penalties are also applied for false declarations as to the quality or kind of goods or incorrect classification under the Harmonized Code of NCM (Nomenclatura Común del Mercosur).

#### Valuation system

On January 22, 1999, the Government of Argentina implemented a new valuation method to further combat under-invoicing and tax evasion. Resolution AFIP 335/99 sets a "reference price" for products covered by some 1,000 HS codes and establishes a "purple channel" that brands them for inspection. In fact, the resolution authorizes Customs authorities to select import transactions classified under this so-called "purple channel", for inspection by the Direccion General Impositiva (DGI) - National Tax Authority- in conjunction with the Direccion General de Aduanas (DGA) -Argentine Customs Bureau- when:

- declared price is lower than the "reference price", as a result of physical verification
- price discrepancies exist between the commercial invoice and the pre-shipment inspection certificate
- declared prices are lower than the prices accepted by the SIM (Sistema Informatico Maria - Official Software System for Customs Administration)
- claims from Foreign Trade Representative Institutions on specific products have been filed

Transactions affected by the "purple channel" are subject to a cash deposit or a bank guarantee covering the difference in import duties

due, between the declared value and the reference value set by the DGA. This deposit is held during the investigation process to define the "real" import value. The importer must present additional documentation (price list, price certificate, etc) evidencing the declared value.

This is a very controversial regulation and the Argentine Chamber of Importers (CIRA) has already taken actions against it.

#### Tariff and import taxes

Argentina and its MERCOSUR partners established the MERCOSUR common external tariff (CET) on January 1, 1995. The CET, ranges from zero to thirty percent, and averages 14 percent. Since January 1, 1998, as a temporary measure until December 31, 1999, Argentina and its MERCOSUR partners implemented a 3 percent tariff increase that affects all imports into Argentina, except those from Uruguay, Paraguay and Brazil (i.e. 14% + 3% of additional import duty). Tariff lines with 0 percent duty, capital goods, telecommunication and computing services are exempted.

The CET gradually eliminated all non-tariff restrictions and other limitations to trade among the member countries, reaching zero duty and removing all tariff restrictions for approximately 85 percent of traded goods. There is a list of a few products temporarily exempted from this status, mainly a few sensitive products, which are subject to gradual tariff adjustment over a five-year period. Capital goods and information-related technology are excepted until 2001, while telecommunications equipment will not be covered until 2006. In 1995 Argentina raised the tariffs on these goods to help counter an expected fiscal shortfall.

The structure of tariffs (which apply to the C.I.F. value in Argentina) is the following:

- \* 0 to 5 percent tariff on some goods not produced domestically, as well as on some specific items such as newsprint, certain petroleum products, and certain capital goods and telecom goods;
- \* 0 to 10 percent on agricultural products
- \* 0 to 18 percent on raw materials, intermediate industrial materials, and primary products;
- \* 0 to 14 percent on capital goods, IT products, and telecommunications goods;
- \* 10 to 24 percent on consumer durable and non-durable goods and 24 percent on most finished goods.
- \* 20 to 30 percent on household appliances, electronics and cars

Besides the tariffs, the following fees and taxes are applied:

- \* 0.5 percent statistics fee on the CIF value, except capital goods. This fee is not levied on MERCOSUR intra-zone trade.
- \* 21 percent Value Added Tax (VAT) on the CIF value plus tariff plus statistics fee.
- \* 9 or 10 percent advanced VAT on CIF plus tariff and statistics fee on all goods imported for resale. (The 9 or 10 percent value applied depends upon whether the importer is registered or not under a tax bracket as established by the DGI (Direccion General Impositiva --

national tax authority equivalent to the U.S. IRS). Goods imported directly by end-users are exempted.

\* 3 percent anticipated profits tax on all retail goods, except for goods imported directly by users. Individuals pay 11 percent.

The CIF value plus the duty and the import statistics fee are the base for the application of domestic taxes. For this reason imports must be supported by the foreign supplier's invoice.

The Illustrated Study of Direct Import Costs below is based on the case of goods imported for resale by a company.

#### Illustrated study of direct import costs (U\$S)

Base Price	100.00
Freight 8 percent (average)*	8.00
C&F	108.00
Insurance 1.5 percent of C&F*	1.62
Dutiable Base = CIF	109.62
14 percent Duty (or other applicable duty rate)	15.35
0.5 percent Statistics Tax on CIF (not levied on capital goods)	0.54
VAT Base	125.51
VAT 21 percent	26.35
VAT 9 percent (withholding on VAT Base)	11.30
3 percent advanced profits tax (withholding on VAT base)	3.76
Total After Taxes	166.92
Port Costs (unloading, storage, etc. - approximately 6 percent)*, **	6.58
Freight Forwarder fees (1.5 percent on CIF)*, **	1.64
Bank charges (Draft of Letter of Credit, 1.5 to 2 percent of FOB)**, ***	2.00
GRAND TOTAL -----	177.14

#### Notes:

\* Average costs. Please consult a freight forwarder, an insurance company, or a port terminal for exact costs.

\*\* These amounts are subject to 21 percent VAT (Value Added Tax) on some services.

\*\*\* Bank charges assume letter of credit.

The offices that draft customs rules, regulations and tariffs are set forth below:

- National Tax Bureau, Ministry of Economy

Dirección Nacional de Impuestos  
 Ministerio de Economía  
 Hipólito Yrigoyen 250, Piso 9, Of. 941 "A"  
 1310 Buenos Aires, Argentina  
 Tel/fax: (54-11) 4349-6968/70  
 Contact: Dr. Hector Scarpa, Director General

- Technical Administration for Imports, Argentine Customs Bureau

Departamento de Técnicas de Importación  
 Dirección General de Aduanas (DGA)  
 (Administración Federal de Ingresos Públicos - AFIP)  
 Azopardo 350, Piso 1  
 1328 Buenos Aires  
 Tel/fax: (54-11) 4343-0100/9, 4331-7635/7606  
 Web Site: [www.afip.gov.ar](http://www.afip.gov.ar)  
 Contact: CPN Ruben Jose Lagger, Subdirector General Legal y Técnica  
 Aduanera (Deputy Director General for Customs)

Import duty reduction for capital goods

Resolution 19/99 of the Ministry of Economy, Public Works, and Services went into effect on January 22, 1999. This resolution reduced the import duty on certain telecommunications products, information technology industries, and capital goods to 6 percent, prior approval by the Under-Secretariat of Foreign Trade. The products destined to benefit from this tariff reduction are determined on a case by case basis. The Under-Secretariat of Foreign Trade of the Ministry of Economy, Public Works, and Services accepts lists of products submitted by industry associations on behalf of their members. Lists should include products that are not manufactured within MERCOSUR. Such products, both finished and parts, must also be included in the importer's production process or in the rendering of services. The Under-Secretariat, upon receipt of a list, evaluates and approves/disapproves each product; each list is reviewed and responded to on an individual basis to the petitioning trade/industry association.

Companies wishing to import products under this new regulation must submit to the mentioned Under-Secretariat proof of contract between the importing company and a certifying agency, indicating the importer's commitment to having the end product or service certified pursuant to IRAM (Instituto Argentino de Normalización) quality standards.

Importers of products who have benefited from this new legislation will also be required to pay a 0.20 percent tariff of "proof of destination" at the time of customs clearance.

For a complete list of products affected by this regime please contact Commercial Service Buenos Aires.

Standard and fixed customs fee

Per resolution 563/99, the "Administración Federal de Ingresos Públicos" (AFIP-National Bureau of Income Administration, Customs and Tax Bureaus) established that every operation or transaction documented under the "Sistema Informático María" (SIM) must pay a single and fixed

fee of \$10 (ten U.S. dollars). At this time, very few operations are still being transacted outside the SIM. Transactions covered by the following regulations are exempted:

- \* Dec. 855/97 (simplified export system for operations through border areas)
- \* Decree 161/99 (simplified import system)

#### Simplified importation system

Decree 161/99 and Resolution AFIP 503/99 establish an optional custom clearance method called the "Simplified Importation System". Companies wishing to carry out importation proceeding through this system must be registered in the Importers/ Exporters Records of the Direccion General de Aduanas (DGA)--Argentine Customs Bureau. As a requisite, the F.O.B value must not exceed the sum of \$3,000 (three thousand U.S. dollars), and each importer must not exceed a maximum of four operations per month. Merchandise imported under this regulation must follow the following conditions:

- \* Must be new, unused, and not require reconditioning
- \* Must not be prohibited imports, nor be subjected to quotas or intervention of other organisms.
- \* Must not be protected by any regulation that implies any type of exemption or tariff preferences
- \* Must be included in the Pre-shipment Inspection Regime.

As of March 8, 1999, merchandise imported under this simplified method pays a unified 50 percent import fee on the CIF value, which covers import duties and other taxes and rates of whatever nature.

#### Imports of equipment by governmental institutions

Only government entities and government-dependent institutions (such as public hospitals, public universities, etc.) are allowed to import duty-free equipment and material destined for scientific and technical research, education and to the protection and advancement of human, plant and animal health. This waiver (granted by Decree 732/72 and extended by Decree 1436/98) remains in force until December 31, 1999.

Non-profit organizations were deprived from this benefit by Decree 180/97 (March 7,1997). Before clearance, it is mandatory to submit to Customs, a certificate of exemption issued by the pertinent Ministry.

Goods imported under this regime are inalienable (not re-exportable) for a period of 5 years and have to be used only for the purpose stated in the certificate of exemption.

#### Drawback

The drawback mechanism, which is gradually falling into disuse because of its cumbersome nature, was established to refund various import charges. The following charges are rebated: tariffs; the 0.5 percent statistical fee on imports; and the value-added tax of 21 percent. To benefit from this mechanism, the imported goods must be substantially transformed or embodied in the production of goods for export. We recommend that this process be handled by an agent or distributor.

### Temporary Admission Regime (TAR)

The Temporary Admission Regime (TAR) allows duty free admission for goods such as commercial samples, packaging, pallets, containers and goods for exhibits. The exports must be completed within the stipulated time as set by customs in accordance with the type of imported inputs. Failure to re-export goods will result in a fine. Merchandise may suffer changes, which increase or lower its value, but no export charges will be levied when goods remain unchanged. If value is increased, charges will apply on this added value. The transfer of property, possession, or use is not permitted. A bond will be needed to cover the value of import charges for the goods, which is canceled when the goods are re-exported.

Decree 1439/96 regulates the import of primary and intermediate goods into Argentina for use in export production, applying special procedures (Solicitud de Tipificación por Admisión Temporaria). These exports must be completed within 180 days from the temporary admission, which may be extended for an additional 180 days.

Argentina is not included in the A.T.A. (Admission Temporary) Carnet program of the U.S. Council for International Business to import goods, display booths, and literature for display in local trade shows for subsequent re-export. The TAR regime should be used for this purpose. Many trade show organizers, however, obtain a special waiver from the Ministry of Economy by declaring an event "of national interest".

### Samples and advertising material

Samples sent by parcel post or in other ways are free of duties and taxes when valued at less than CIF \$100. A tax is imposed on samples valued from \$100 up to \$20,000; anything over \$20,000 is not considered a sample item. Advertising material is subject to duty when imported into Argentina. Documents required for imports are also mandatory for sample clearance. The commercial invoice must indicate "no commercial value". It is understood, however, that in practice, single catalogs and price lists sent through the regular mail as "printed matter" to individual addresses are rarely held by customs for duty.

Bulk packages of catalogs may be denied entry, as the government is trying to promote local printing.

Some products are subject to special regulation or restrictions for entry into the country (i.e. foodstuffs, pharmaceuticals, chemical products and cosmetics).

The services of a customs broker are not mandatory to clear shipments and samples (with or without value), or for advertising materials received by parcel post from abroad not requiring foreign exchange.

### Sales samples

Samples brought into Argentina by a traveling sales representative are admitted free of duty if they have no commercial value. If the samples have value, a bond may be given for the amount of the duty that would be payable on such merchandise. Such bonds are valid 90 days and may

be renewed for an additional 90 days. Upon re-exportation of dutiable samples covered by bond, the amount paid is refunded. The handling of samples under a bond should be entrusted to a customs house broker.

Personal working elements such as computers or tools must be registered at customs at the time of entry and departure from Argentina.

#### Standards and conformity assessment

##### Legal framework

Following international trends, Argentina passed legislation in 1994 to organize and give a legal framework to its standards related activities. Decree 1474/94 created the National System for Standards, Quality and Certification that calls for a private sector standards organization and a private sector accreditation organization. IRAM, the Argentine Standards Institute (Instituto Argentino de Normalizacion) created in 1935, was designated as the official national standards development body for the Republic of Argentina. The OAA, Argentine Accreditation Organization (Organismo Argentino de Acreditacion) initiated operations early in 1996.

##### Standards

IRAM has a long history in Argentina and is the primary (almost exclusive) developer of national voluntary standards in all fields. Reliance on international standards as a basis for developing national standards is an increasing trend in Argentina that will continue. Nevertheless, many IRAM standards are compatible with US standards, but many are patterned after requirements of various European countries.

IRAM is also a certification organization, both for products and systems. Its mark, the "Sello IRAM" is widely recognized in the country as indicating conformity to an IRAM standard.

In Argentina, standards are for the most part voluntary. The buyer and seller share responsibility in determining what product standard is applicable. Products conforming to US standards may be fully acceptable. However, reflecting long-standing tradition and practice, products that meet European requirements are often preferred. This preference may be expressed in procurement specifications or in customary design and construction practices, for example.

Mandatory technical requirements are covered under regulations. INTI, the National Institute of Industrial Technology (Instituto Nacional de Tecnología Industrial) is a government testing and research laboratory that actively participates in standards development committees and product certification in Argentina. They may also be called on to test products for conformity to standards. Due to the relative short supply of independent laboratories in Argentina, INTI assumes the role of the prime testing and calibration laboratory for the country.

INTI's position attracts interest and substantial technical support and cooperation from foreign countries, most notably Germany, Japan and the U.K. These, and other countries such as France, regularly offer scholarships for long and medium term training courses abroad. Other



Argentine private and public organizations also benefit from third country largesse.

Given the growing importance of standards and conformity assessment in expanding U.S. exports, an expert from the U.S. National Institute of Standards and Technology, NIST, has been assigned to work in the Commercial Service, at the U.S. Embassy in Brasilia. The Regional Standards Officer helps U.S. companies compete in Argentine markets as well as in other South American countries. (Please refer to Appendix E: U.S. and Country Contacts).

#### Product certification

Traditionally, product certification in Argentina has been mostly voluntary with only a few organizations, including IRAM, carrying out this activity. However, this is rapidly changing. Since early 1998, the Argentine government has embarked on a path of issuing regulations mandating that certain products meet safety requirements. Evidence of compliance is mostly through mandatory product certification.

The first product category subjected to safety regulations and mandatory certification was low voltage electrical equipment (Resolution 92/98). The safety of toys and clothes dryers has also been addressed. Issuance of specific rules requiring all electrical equipment marketed in Argentina to be 220 volts is expected. Regulations are probable for construction steel, energy consumption labeling, tires, safety-related auto parts for the resale market and gas appliance safety.

There is no legal mandate to date to retest non-regulated products that have been approved in their country of origin.

For non-regulated products, some U.S. marks and product certifications are well known and accepted in the country. As with standards, any certification that may be required in non-regulated sectors is a contractual matter to be decided between the buyer and the seller.

Please note that agricultural and health-related products may follow different rules. Medical devices, pharmaceuticals and foods are the purview of ANMAT, the National Administration of Pharmaceuticals, Foods and Medical Technology (Administración Nacional de Medicamentos, Alimentos y Tecnología Médica). Also, please refer to the section below on Agricultural Products.

#### System registration

Most of the 22 organizations that currently certify quality and environmental management systems in Argentina are foreign. Quality system registration under ISO 9000 has increased markedly in the past year going from 285 in April 1997 to just over 1,000 by May 1999. Fifty-five environmental registrations under ISO 14000 had been granted in the county by February 1999.

#### Standards in MERCOSUR

Argentina, as an active MERCOSUR member, participates in the development of both MERCOSUR standards and regulations.

Regional technical regulations are developed and/or harmonized within the MERCOSUR Sub Working Group 3 in the following fields: automotive, foods, veterinary products, toys, telecommunications, metrology, health and others. To be applicable, harmonized MERCOSUR regulations must be individually adopted by each country.

Harmonized MERCOSUR standards are developed by a committee where the private sector standards institutes of Argentina, Brazil, Paraguay and Uruguay are represented. The MERCOSUR Standards Committee has an Executive Secretariat located in Sao Paulo.

Most of the voluntary standards published deal with cement, concrete and aggregates, steel pipes and profiles and cast iron products, test sieves and ferroalloys. Several hundred additional standards are at different stages of preparation.

#### International agreements

Argentina, a member of the World Trade Organization (WTO), signed the TBT agreement on Technical Barriers to Trade, affirming its WTO obligations to use international standards to the maximum extent possible. Responsibilities under the TBT agreement include the establishment of a national inquiry point to serve as a central location for information on standards-related issues, including proposed mandatory regulations. The US inquiry point is the NCSCI, located at NIST (see Information Sources below) and for Argentina it is the Secretariat of Industry, Commerce and Mining (see Information Sources below).

#### Information sources

For information on Argentine and MERCOSUR standards, contact:

IRAM, Instituto Argentino de Normalizacion  
Peru 552/556  
1068 Buenos Aires, Argentina  
Phone: (54-11) 4381-4424/4576  
Fax: (54-11) 4383-8463  
E-mail: [iram4@sminter.com.ar](mailto:iram4@sminter.com.ar)  
Website: <http://www.iram.com.ar>  
Comments: Argentine Standards Institute

Comite Mercosur de Normalizacion  
Av. Mario de Andrade 664  
01154-060 Sao Paulo - SP (Brazil)  
Phone: (55-11) 823-9846/42  
Fax: (55-11) 823-9689  
E-mail: [secexecmn@target.com.br](mailto:secexecmn@target.com.br)  
Comments: MERCOSUR Standards Committee

For information on the WTO-TBT inquiry point, contact:

Direccion Nacional de Industria  
Ministerio de Economia  
Avda. Julio A. Roca 651, 1er piso, Sector 25  
1322 Buenos Aires, Argentina  
Phone: (54-11) 4349-3655/3643/3644

Fax: (54-11) 4349-3644  
 Contact: Lic. Alberto Valle, Director  
 Comments: National Industry Bureau, Ministry of Economy

For medical products, contact:

ANMAT  
 Avda. de Mayo 869, 3er piso  
 1084 Buenos Aires, Argentina  
 Phone/Fax: (54-11) 4345-7145  
 E-mail: tecmed@anmat.gov.ar  
 Web Site: www.anmat.gov.ar  
 Contact: Dr. Pablo Mario Bazerque, Director  
 Comments: National Administration of Pharmaceuticals, Foods and Medical Technology

For information in the U.S., contact:

National Center for Standards and Certification Information (NCSCI)  
 National Institute of Standards and Technology (NIST) Gaithersburg, MD  
 20899  
 Phone: (301) 975-4038  
 Fax: (301) 926-1559  
 E-mail: ncsci@nist.gov

American National Standards Institute (ANSI)  
 11 West 42nd Street  
 New York, NY 10036  
 Phone: (212) 642-4900  
 Fax: (212) 398-0023  
 Web Site: <http://ansi.org>

#### Agricultural products

Imports of U.S. food products into Argentina must comply with the "Codigo Alimentario Argentino" (CAA) for safety and wholesomeness, and are regulated by one of three local agencies depending on the type of product. The CAA follows international norms, and most food products can be imported as long as the proper importer registration, product documentation and other procedures are followed. U.S. food products imported into Argentina generally must be accompanied by valid sanitary, phytosanitary, or other relevant certificates issued by the United States Department of Agriculture (USDA) or the Food and Drug Administration (FDA). The import of a few products is banned, however. Processed products can be brought in using their original packaging, but product information in the Spanish language must also be included on an affixed label.

Both products and importers must be registered with the Argentine government. Registering as an importer is simply a matter of presenting company information and filling out a form with the local authorities. To register a product is more involved and requires that the manufacturer provide details as to how the product is processed and also relevant documentation from competent U.S. authorities if the products are also offered for sale in the United States.

For seeds, or products of by-products of animal, plant or seafood, the Argentine agency SENASA (in English, National Service of Agricultural and Food Health and Quality) is the regulating authority. For these products, an import permit is required, and must be obtained from SENASA by a registered company.

For food and beverage products that do not require further processing, INAL (National Food Institute) is the competent agency, and they will issue the import documents. The INV (National Wine Institute) regulates the importation of wine. Once again, an import certificate is required.

The regulations governing the import of agricultural products must be complied with to avoid denial of entry into the country, and the exporter is urged to investigate the process completely before entering into a binding agreement. Further information can be obtained by requesting report AR8045, "Food and Agricultural Import Regulations and Standards-FAIRS" from the FAS Home Page (<http://www.fas.usda.gov>), or directly from:

Office of Agricultural Affairs  
U.S. Embassy, Buenos Aires  
Phone: (54-11) 4777-8054  
Fax: (54-11) 4777-3623  
E-mail: [agbuenosaires@fas.usda.gov](mailto:agbuenosaires@fas.usda.gov)

#### Anti-dumping and countervailing duty laws

Regulations define "dumping" to exist when the export price of imported merchandise is lower than the comparable sales price in normal commercial operations of identical or similar goods destined for consumption in the domestic market of the country of origin.

The import for consumption of goods that benefit from a subsidy abroad may also be subjected by authorities to a compensatory duty when they cause, or threaten to cause, serious damage or to delay the commencement of a productive activity in Argentina. Argentine fair trade laws are based on Article VI of the WTO under resolutions 281/97 and 622/95.

#### Labeling requirements

The Argentine law that establishes labeling requirements for products in Argentina is Law 22,802/83 of the Direccion de Lealtad Comercial (government agency roughly equivalent to the U.S. Better Business Bureau), under the Secretariat of Industry, Ministry of Economy. This body's mission is to assure the transparency of business transactions. It states and ensures that product labeling bears all the information that the customer needs, and that information is true and valid.

Law 22,802 of 1983 supersedes Law 11,275 of 1923, known as the Merchandise Marking Act. The current law states the general and basic labeling requirements for domestic or imported products, as follows:

Article 1: - All packaged products sold in Argentina will bear the following information on a printed label in a visible manner on the package/container:

- a) Name (description of product)
- b) Country of origin
- c) Quality, purity, or blending description
- d) Net weight

All non-packaged products commercialized in country will have to comply with requirements a), b) and c), as stated above.

Article 2: - Products manufactured in country will bear a mark that reads "Industria Argentina". If products have been manufactured with foreign raw material, or any other element that does not modify the nature of the product, it will still be considered an Argentine product. Indication of the foreign origin of the component/s of the final product is allowed. However, it has to be less visible than the original label.

Article 3: - Imported products that undergo a final process of assembly, finishing, etc. in Argentina which does not modify the nature of the product will be considered of foreign origin. It is optional to put a statement indicating such a process. Imported products manufactured with elements of different countries will be considered as originating from the country in which it acquired its nature.

Article 4: - Labels of all products commercialized in country should be in Spanish, with the exception of foreign words/phrases of common usage in trade. Imported products may keep the original label of country/language of origin but should have a sticker/label attached to the package in Spanish with the information requested in Article 1 (above).

Article 5: - The use of words, phrases, descriptions, trademarks, product literature, brochures, etc. that may lead to error, deceit, or confusion regarding the nature, origin, quality, quantity, etc. of the product, its features, usage, etc., is completely forbidden.

Article 6: - Importers, manufacturers, assemblers, etc. will be responsible for the truthfulness of the information stated on the labels.

This law has many complementary regulations from different Ministries according to the nature of the product. Industry sectors such as medical, fine chemicals, fertilizers, hazardous materials, food, beverages, textile and apparel, footwear, etc., have more detailed specifications for labeling requirements.

Law 19,511 establishes the use of the metric system in the Argentine Republic. Regulation 100/83 of the Ministry of Economy provides that the indication of net content in labeling must be in the metric system.

The office of "Lealtad Comercial" of the Secretariat of Industry, Ministry of Economy, works together with the other Ministries (or corresponding Argentine government department) in the development of in-depth labeling requirements for each industry/product. For further inquiries, please contact:

DIRECCION DE LEALTAD COMERCIAL

Secretaria de Industria  
 Ministerio de Economia  
 Av. Julio A. Roca 651, Piso 4to., Of. 32  
 1322 Buenos Aires, Argentina  
 Phone: (54-11) 4349-4076/77  
 Fax: (54-11) 4349-3755  
 Contact: Ing. Ernesto Kerner, Director  
 Comments: Government agency under the Ministry of Economy, roughly  
 equivalent to the Better Business Bureau in the U.S.

In some cases, the Government Regulatory bodies of each industry  
 provide information on the corresponding labeling requirements.

For example, for information on labeling requirements for the medical  
 industry, hygiene and food products etc, the ANMAT (the equivalent of  
 the FDA, the regulatory body of the Ministry of Health) provides  
 additional information to the general rules for a specific product.

ANMAT  
 Avda. de Mayo 869, 3er piso  
 1084 Buenos Aires, Argentina  
 Phone/Fax: (54-11) 4345-7145  
 E-mail: tecmed@anmat.gov.ar  
 Web Site: www.anmat.gov.ar  
 Contact: Dr. Pablo Mario Bazerque, Director  
 Comments: National Administration of Pharmaceuticals, Foods and Medical  
 Technology

There is no general regulation for labeling of hazardous materials.  
 The office of "Lealtad Comercial" and the Ministry of Health are  
 currently discussing the terms on labeling requirements of hazardous  
 materials. At this point in time, for information on labeling  
 requirements of hazardous materials, please contact the ANMAT (above)  
 with your request including the product's HS number.

Argentina, as many United Nations members, has adopted the U.N.  
 recommendations for the labeling and packing of hazardous materials.  
 For more information please refer to the International Maritime  
 Dangerous Goods Code (IMDG Code).

#### Methods of payment for imports

Since there are no foreign currency restrictions, payment of any kind  
 of import can be made in cash or on the terms agreed by the parties,  
 such as a letter of credit (L/C), or a sight draft with deferred  
 payment. There is no minimum payment requirement in order to use an  
 L/C. L/Cs usually cost between 2 and 3 percent of the amount for large  
 firms or those already operating with the issuing bank, and 4.5 to 5  
 percent for smaller firms or new accounts. L/Cs are usually valid for  
 one year.

#### Import/export documentation

##### Shipping documents

##### Pre-shipment inspection:

Argentina's pre-shipment inspection (PSI) regime came into effect on November 14, 1997. Decree 477/97, authorized the establishment of a PSI. The objective is to modernize customs service and control, to raise fiscal incomes, and to combat unfair competition through the elimination of under- and over-invoicing.

PSI is the government contracted or mandated employment of six specialized private firms to verify shipments. These firms are SGS (Societe Generale de Surveillance), Bureau Veritas, ITS (Intertek Testing Services), Inspectorate PLC, Socotec International Inspection S.A., and UTE CU Holding of Argentina. Other private sector inspection companies may be added in the future. These Firms (I.F.) are subject to audit by government officials and private firms contracted by the Argentine government. (Please see Chapter X - Appendix E for contact information on the Inspecting Firms.)

Inspection firms first verify that: a) HS codes are appropriate, b) the quantities are as noted on the commercial invoice and shipping documents, and c) the valuation is appropriate (average market price).

Goods subject to this regime, such as consumer products, vehicles, textiles, computer-software and telecommunication products, measuring instruments, machine tools, and electrical appliances, imported into Argentina, undergo an inspection in the exporting country by Argentine PSI officials. There are 2,427 Harmonized Schedule Codes in the list of products to be inspected.

Products exempted from this regime are:

- 1) Accompanied and unaccompanied luggage,
- 2) Personal effects (excluding automotive vehicles) brought by non-residents who will be establishing residency therein,
- 3) Parcel post of no commercial value,
- 4) Commercial samples,
- 5) Goods for governmental organizations (FFAA),
- 6) Goods imported by foreign diplomatic and consular missions,
- 7) Imported goods with a FOB, FOT, or FOR value below \$800 or the equivalent in another currency.
- 8) Goods imported by non-profit organizations with no commercial value

Below are the steps for following the established procedure:

The importer selects the Inspecting Firm

The importer places a Request of Inspection

c) Verification of goods is arranged between the exporter and the Inspecting Firm

d) Physical inspection takes place at the country of origin

e) The Inspecting Firm notifies the exporter of findings

f) After shipment, the exporter sends shipping documents and invoice to the Inspecting Firm

g) The Inspecting Firm issues a Certificate of Inspection

In case of discrepancies between goods requested for inspection and those verified, a new inspection should be booked within the next 5 working days. The C.I. is mandatory for customs clearance.

The Inspecting Firm is paid for its services by the Argentine Federal Government. It receives 0.95 percent of the FOB/FOR/FOT value of the

imports, with a minimum price per operation of \$120. If duties and statistics fee increase as a result of the inspection, the IF is paid 5 percent of the collection increased quarterly, up to a limit of 0.2 percent of the FOB/FOR/FOT value of the Certificate of Inspection. The Argentine government is considering the implementation of a 1 percent tax on all imported consumer goods to finance the program.

#### Maritime shipments:

Documents required for all maritime shipments, regardless of the value, are the following:

- A commercial invoice (original and three copies)
- A bill of lading (minimum of one negotiable copy for customs purposes)
- A packing list (not generally required for bulk commodities or for articles that are identical in kind, characteristics, composition, weight, etc.)
- An insurance certificate (if insurance coverage is purchased by the exporter)

#### Air cargo shipments:

Documents always required for air cargo shipments, regardless of value, follow:

A commercial invoice (original and three copies)  
 An airway bill (number of copies depends on requirements of the importer and of the airline used)  
 Packing list.

Freight forwarding and/or agents' fees cannot be shown on airway bills on a freight collect basis, i.e., the fees must be prepaid.

#### Commercial invoices

Commercial invoices must be presented in Spanish (one original and three copies), with the caption "Original Invoice". Carbon, printed or photocopied invoices will not be accepted for the original. In addition, a properly authorized member of the firm must sign each copy of the invoice presented (i.e., the original and three copies), manually, in ink. This member of the firm is to be identified by the typing of the full name directly underneath the signature, followed by the typing of his title or position in the firm. Where these commercial invoices are handled or in any way completed by the shippers or agents, a responsible representative should sign as well and identify the signature in the same manner, giving the full name of the firm as agents for the exporter or manufacturer. All agents and/or shippers countersigning and completing invoices for exporters or manufacturers should add their telephone numbers after the name of the firm.

The invoice (if in English, common practice is to show the Spanish translation just below the English text) should contain:

- invoice number
- place and date of execution



- full name and address of the exporter
- full name and address of consignee and name and address of the agent (freight forwarder), if any quantity, indicating measuring units invoiced
- name and description of goods (in spanish)
- unit price and total
- currency used in transaction
- terms of payment and delivery, using INCOTERMS
- origin and place/port of export of the merchandise
- means of transport (specifying via ocean or air or parcel post)
- port or place of entry into Argentina

The invoice must contain the following declaration in Spanish:

"DECLARO BAJO JURAMENTO QUE LOS PRECIOS CONSIGNADOS EN ESTA FACTURA COMERCIAL SON LOS REALMENTE PAGADOS O A PAGARSE, Y QUE NO EXISTE CONVENIO ALGUNO QUE PERMITA SU ALTERACION, Y QUE TODOS LOS DATOS REFERENTES A LA CALIDAD, CANTIDAD, VALOR, PRECIOS, ETC., Y DESCRIPCION DE LA MERCADERIA CONCUERDAN EN TODAS SUS PARTES CON LO DECLARADO EN LA CORRESPONDIENTE SHIPPER'S EXPORT DECLARATION."

(Unofficial Translation: "I swear that the prices on this commercial invoice are those really paid or to be paid, and that no agreement exists that permits their modification, and that all data pertaining to quality, quantity, value, prices, etc., and description of the merchandise agree in all their parts with what was declared in the corresponding Shipper's Export Declaration.")

A fax of the commercial invoice can be used as a working copy for customs, but the original must be presented in order to complete entry.

#### Bill of lading

The bill of lading should be issued (at minimum) in one negotiable copy; additional negotiable copies may be required due to the needs of the importer, bank, steamship line, or other interested party (follow instructions from the importer or those given in the letter of credit or other contractual arrangement). Bills of lading must indicate the weight and volume of each package, as well as the total weight and volume of the shipment. All bills of lading must also show the amount of freight and a statement "Freight Paid," or "Freight Payable at Destination" as appropriate.

The bill of lading must show the following:

- \* the name of the ship
- \* the name of the ship's captain
- \* port of registry and registered tonnage (weight and volume)
- \* the name of the charterer or the shipper
- \* the name of the consignee (unless it is "to the bearer" or "to order")
- \* number of packages, as specific description of the contents, the quantity, quality and marks of the goods
- \* port of loading and unloading, with a declaration of the port of call, if any
- \* the amount of the freight
- \* place, method and date of payment

- \* date of preparation of the document and signature of the captain and of the shipper (signature of the shipping company and shipper should be signed manually, facsimile signatures are not acceptable)
- \* container and seal number, and terms of shipment.
- \* Suggested: invoice number

#### Packing lists

These are necessary for customs clearance in Argentina and must describe the contents of each package. Where the contents of a parcel are the same as those in other parcels of the same lot, one description on the packing list covering the lot will be sufficient. The packing list preferably should be in Spanish.

No packing list is necessary for goods imported in bulk, such as coal, petroleum, sand, etc., or for articles identical in kind, characteristics, composition, weight, etc.

It is suggested that the packing list be included in every air shipment.

#### Insurance certificate

The exporter needs to be concerned about this document when purchasing insurance and shall act according to the details provided by the importer. Marine insurance can be obtained from any insurance company.

#### Certificate of origin

The certificate of origin is not a required document, unless it is part of the importer/bank/contract terms, or otherwise required by the government of Argentina in certain product areas, such as textiles and footwear.

#### Used capital goods

As a general rule, imports of used capital goods must be refurbished in the country of origin or the country of export. The machinery must have been overhauled (repaired/remanufactured) and this condition must be certified by a "technical organization" in the country of origin. The certification must be validated by the Commercial Section of the Argentine Embassy or by an Argentine Consul in the U.S. Used goods may be refurbished in Argentina by the importer, who must be the end user of the used goods. In this case, the importer is subject to proof-of-use regulations for a period of two years, during which time donation or sale of the goods is prohibited. These proof-of-use regulations also apply to goods refurbished abroad and imported by the end user.

Regulations require that the exporter maintain an official agent or representative in Argentina who can assure the availability of spare parts and servicing. Direct end-users (e.g. cooperatives) may import the machines already repaired or for repair in Argentina. Those end-users who import for their own use must be able to demonstrate, upon request, that the machinery remains in their possession two years after the importation date. They are subject to an additional 2 percent tax when importing the equipment. Used goods are subject to an average

import fee of about 25 percent (varying according to product) and a 0.5 percent statistics fee.

Importation of used products such as spare parts, automobiles, clothing, tires, boats and other products are prohibited.

#### Customs brokers

Even if the services of a custom broker are not mandatory to import into Argentina, it is advised to consult one in order to ease clearance through customs. (Please find a list of Customs Brokers in Appendix E.)

#### Free trade zones/special customs areas/bonded warehouses

Argentine Law 24331 of 1994 authorizes the Federal Government to create one free trade zone in each Province and delegates to the executive branch the authority to create foreign trade or export processing zones in each of Argentina's twenty-three provinces and four others in border areas.

#### Regulations and advantages

##### Imports:

Free Trade Zones offer outstanding advantages to importers. Goods brought into the zones enter free of taxes and duties. Their entry does not imply that their final destination is for consumption. The customs authority regulating the goods considers them as stored in a third country; therefore, incoming products are subjected to inspection with the sole purpose of classifying quantity and type.

This privileged system allows importers to improve cash flow by delaying taxes and customs duty payments. In other words, goods enjoy a duty-free status until they enter the Argentine customs territory. Goods may remain in the zone for a maximum period of five years. The free zones offer importers the following opportunities:

- Goods can be released according to market demand, thus avoiding payment of duties and taxes until a purchaser for the goods is found; i.e., free zone customers pay the duties and taxes on goods sold and leaving the zone (deferring payment of duties).
- Incoming goods can be split, have value-added work performed, etc. to increase their commercial quality or to save on transportation costs.
- Goods may be re-exported to any part of the world without paying any duty or tax.
- Import verification of goods can be done directly in the zone, prior to entering the Argentine customs territory, instead of at port of origin.
- Free zone users can display their goods in their own showroom, in the zone, making marketing and sales easier.

##### Exports:

The free trade zones offer exporters the possibility to import free of customs duties, statistics rate and VAT, all the necessary equipment to build a "turnkey operation" within the zones. Furthermore, exporters manufacturing within the zones enjoy the benefit of buying supplies and raw materials from third countries, without having to pay duties or taxes that lead to increased prices.

By exporting through the Free Trade Zone industries enjoy the incentives available in the Argentine Territory, plus the lower costs due to the exception of VAT and internal taxes in basic supplies such as electricity, gas, water, and telephone services.

#### La Plata Free Trade Zone (ZFLP)

The inauguration of the La Plata free trade zone on January 2, 1997 brought about a significant change in the international trade of goods in the area. An important aspect of this zone is its proximity to the city of Buenos Aires (40 miles south of Buenos Aires - about a one-hour drive) and to Ezeiza International Airport (one-hour drive). Other highlights of this free trade zone include its port, with 500 meters of dock, and its strategic location linking this free trade zone to the main cities of Argentina. It also has the availability of all the necessary equipment to move cargoes, which provide customers a logistic service for the distribution of goods inside and outside the country.

#### Infrastructure:

- Port within the free zone with 500 meters of dock.
- Container storage area
- 400,000 m2 of warehouses
- 100,000 m2 storage area for trucks cars, machinery, etc. next to the dock
- 5,000 m2 office space
- Showrooms where goods can be exhibited for wholesale operations.

The main industries that use the La Plata free trade zone services are as follows:

- Tools and Machinery
- Vehicles
- Auto Parts
- Textiles
- Toys
- Electronics

#### Users:

Operations and Technical Management Department figures show that 1,942 users - 315 of them direct users and 1,627 indirect - operate within the ZFLP. Over 400 businesses are waiting to have their projects approved and to be allotted space at La Plata. The majority of users are small and medium sized firms (SMEs), but large corporations are also clients. Some of the users are Sharp, Maxon, Acropolis, Canon, TDK, JVC, Audinac, Pionner, Rates, Audio Logic, Zenith, Dewo, Talent, Goldstar, Panashiba, Nashiba, Le Roy, Carandache, Baume & Mercier,

Corum, Tag Heuer, Movado, Caterpillar, Valvoline, Komatsu, Cummins, Coleman, John Deere, Home, Litte, Snapper, Asia, Kia, Isuzu, Mazda, Nissan, Case, SKF, Fag Steyr, Armstrong, Stanetex Tile, Multicolor Prem, Abco Haldex, Sigma Paximat, York, Autobombs Ford, GM, American Landfrance, Venus Carpet, Kalpakian Floget, Blue Diamond, Stronger, Yale, Skoda, Cessna, Bayer, Nike, Topper, Avia, Jovi, Canson, Stabilo, La Serenisima, Sancor, Ceres, Goodyear, Eastman, Digital, Tecno Streel, Dallas, Cristaleria Bohemia, Heidelberg, Polar, Hempel, Crosley, Waltek, Exenel, Printex, Darling, Wega, R.N., Tecno 1, Medtronic, Akroplast, BRD, Lostra 2100 Fume, Care Quilt, Rae Flex, Zwiling, Nippon, Kaijo, Ki, Trinity, Asme, Dupont, Siderar, Sanitron, Band Ai, Alcoa, Samsonite, Daihatsu, Rohne Poulenc, Asics, Etam, Grimoldi, Boating Shoes, Sthil, Subaru, Daewoo, Cadbury de Argentina, Cafes La Virginia, Construcciones Metalurgicas Zanello, Electrolux Argentina, Ilko Argentina, Impsat, Ledesma Mattel Argentina, Multicolor Argentina, Papelera Tucuman, Pecom Nec, Philco Ushuaia, Phillips Argentina, Ralston Purina Argentina, Spazio Casa Simmons de Argentina.

At present 100 percent of what is manufactured on site has to be re-exported, an element of law 24,331 that the entity claims is stopping the free zone from fully functioning as such. Lobbyists are strongly advocating a modification to law 24,331 that would allow manufacturers in the free zone to re-import 30 percent of production into Argentina.

For more information please contact:

Buenos Aires Zona Franca La Plata S.A.  
 Calle Don Bosco e Hipolito Yrigoyen  
 1925 Ensenada, Prov de Buenos Aires, Argentina  
 Tel: (54-221) 468-0000/4  
 Fax: (54-221) 468-0010  
 Contact: Mr. Eduardo Arzani, Commercial Manager  
 Or  
 Paseo Colon 823, Entrepiso B  
 1063 Buenos Aires, Argentina  
 Telefax: (54-11) 4300-7122/23/24

#### San Luis Free Trade Zone

In April of 1997, the city of Justo Daract, in the Province of San Luis, started to operate a free trade zone. The location of Justo Daract in the heart of Argentina, might be considered less advantageous than that of La Plata. The zone has neither ports nor a nearby commercial center of the magnitude of Buenos Aires (located at a distance of 660 kilometers). Generally, the products that move through this zone, at some point in their shipment, go through Santiago, Chile, which is approximately 700 kilometers away, either by highway or by air. By land, many products head to or come from the Chilean ports in Valparaiso and Puerto Bandera. Air transportation to or from the Justo Daract Free Trade Zone is accessible through the Villa Reynold Airport, located 10 kilometers from the zone. The airport is sufficiently equipped to handle aircraft as large as the Hercules C-130 and Boeing 707. With the airport and the binational highway #7, Justo Daract has the advantage of access to ports in both the Atlantic and Pacific Oceans. (As mentioned above, these ports are located at significant distances from the zone). By late November 1998, operations valued at \$8 million had taken place in this zone. Twenty-four percent of the

products came from the United States, 12 percent from France, 10 percent from Italy, Taiwan and Spain, 6 per cent from China and Holland, 4 per cent from Pakistan and Germany, and 2 per cent from Brazil, United Kingdom, India, Korea, Japan, Ecuador and Chile.

For more information please contact:

Zona Franca Justo Daract Administration  
Avda. India y Junin, piso 3  
5700 San Luis  
Tel/fax: (54-2652) 427271  
Contacts: Mr. Ruben Moreno; Mr. Alejandro Peralta

Subsecretaria de Industria y Minería  
Zona Franca  
Av. Italia y Junin, Piso 3  
5700 San Luis  
Tel: (54-2652) 427271  
Contact: Cpn. Alejandro Cañadas

#### Cordoba Free Trade Zone

The free trade zone in Cordoba was inaugurated April 16, 1999. There are 22 users currently operating in this zone. Users may choose any of the options mentioned below:

##### Operations with own facilities:

The plots in the FTZ measure 15m x 50m, which is equivalent to 750 m<sup>2</sup> of surface. Registration costs \$1,000. Leasing is paid monthly and the amount is \$1,000 for each plot of 15mx50m.

##### Operations in the licensee's facilities:

The operations in FTZ in public warehouse are assigned to the following types of companies: (a) New companies that have never operated in foreign trade and wish to try this system until their transactions volume increases; (b) Companies that already operate in foreign trade and want to cut down their operating costs; (c) Companies with small volume of transactions (purchases and sales), which make it excessively burdensome to maintain their own storage premises of 600 m<sup>2</sup>.

##### Operations in open yards:

This storage option is open to all products that may be stored or placed in the open air, without losing their value or deteriorating with the passage of time, for example: automobiles, machines, pipes, construction materials. Registration is \$500, paid only once (valid for 3 years). The storage cost is \$7, per square meter or ton, per month.

For more information:

Zofracor S.A.  
Ruta 9 (N) km.718  
5145 Juarez Celman, Cordoba  
Tel/fax: (54-351) 4904383  
E-mail: Zofracor@arnet.com.ar

#### Tucuman Free Trade Zone

Inaugurated on July 9, 1998, this free zone is located 7 km. from the city of San Miguel de Tucuman, 3 km. from the railway station, and 15 km from the International Airport. It currently has 60 users, all first line companies, such as Mining Alumbreira Ltd., Bugyrus (US), Abraservice (France), Esco (US), Commercial Hill (Chile), Railcars Heavy Corp (Scania), Compania Azucarera Concepcion S.A., Citromax S.A., Citrusvil, Tensolie S.A., Bacco y Cia S.A., Pepsi. Storage of merchandise in the Tucuman Free Zone's general depots costs \$6.00 per cubic meter, per month.

For more information:

Zona Franca Tucuman  
Ruta Nac. No 9 km. 1285  
4109 Banda del Sali  
Cruz Alta, Tucuman  
Tel/fax: (54-381) 4525600/01/01  
E-mail: zona francatuc@mercosurdigital.com

#### Mendoza Free Trade Zone

The Free Trade Zone in Mendoza, inaugurated on May 27, 1999, is strategically located in Western Argentina for distribution throughout Argentina and Chile and to the rest of MERCOSUR (Brazil, Paraguay, Uruguay). This zone is 350 km from Santiago (Chile) and 430 km from the ports of Valparaiso and San Antonio (Chile).

For information please contact:

Parque Industrial Provincial  
Ruta 84 s/n  
5509 Perdriel, Luján de Cuyo  
Mendoza  
Tel/Fax: (54-261) 498-6878/9/5

Zona Franca Mendoza  
Belgrano 801  
5500 Mendoza  
Tel/Fax: (54-261) 429-1109/1119  
E-mail: zfranca@cpsarg.com

#### Santa Fe Free Trade Zone (ZFS)

The concession for the exploitation of the Santa Fe Free Zone has been granted to the TECSA S.A.-Mercocarga S.A. joint venture. After assessing the offers submitted, the Zona Franca Santafesina Committee adopted the approving resolution and signed the 30-year concession contract with the j.v. representatives. The ZFS is located in a region that supplies a competitive industrial environment, highly skilled and trainable labor force, basic and advanced support infrastructure services, land availability, excellent transport, communications and access to big markets.

For more information:

Zona Franca Santafesina

1ra. Junta 2507, Piso 10  
 3000 Santa Fe  
 Tel: (54-342) 456-2562/66  
 Fax: (54-342) 455-0491

#### Comodoro Rivadavia Free Trade Zone

By subscribing to Law 24,331 (Free Trade Zones Law) adhesion arrangement, on October 31, 1994, the province of Chubut designated Comodoro Rivadavia as the adequate port for the creation of the provincial free trade zone. The city is geographically located in the heart of Atlantic Patagonia, 553 km from the Pacific Ocean. This city relies on its international airport, its seaport, and its central position with respect to the land and telephone communications main systems. On its coast lies the main port of Golfo San Jorge. It is the main city in the oil region of Argentina.

#### Special Customs Area, Tierra del Fuego

Tierra del Fuego has a Special Customs Area regime that allows duty-free imports of capital goods not produced in Argentina and planned for use in designated high-priority industries, as well as for goods to be assembled in local plants for sale in Argentina. Other imports entered through this zone receive a reduction of 50 percent on normal tariff rates.

The Special Customs Area in Tierra del Fuego, Argentina, will continue to function with duty-free entry for non-bloc goods until 2013.

#### Bonded warehouses

Bonded warehouses are zones located outside of customs areas, generally within port limits, in which merchandise may be stored tax-free for a specified period of time and may be subdivided or packaged therein. These warehouses are under the control of customs. (See Appendix E for a list of bonded warehouses currently in operation.)

### VII. INVESTMENT CLIMATE

#### Openness to foreign investment

Argentina welcomes foreign direct investment, which has become an essential element of the country's economic growth. Argentina's climate for foreign investment is among the most favorable in Latin America. The administration of President Carlos Menem has encouraged foreign investment through national treatment under a free foreign exchange and capital movement regime without wage or price controls. Foreign investors, including many U.S. corporations, operate in major economic sectors.

Decree 1853, of September 8, 1993, governs foreign investment in Argentina. Foreign companies may invest in Argentina without registration or prior government approval on the same terms as investors domiciled in Argentina. The U.S.-Argentina agreement for reciprocal promotion and protection of investments entered into force in October 1994.



Investors are free to enter Argentina through merger, acquisition, greenfield investment, or joint venture. Foreign firms are among the most prominent participants in Argentina's ambitious privatization program, which includes oil, gas, electric power, telecommunications, transport, water, and other service sectors. Foreign firms may also participate in publicly financed research and development programs on a national treatment basis.

Foreign and Argentine firms face the same tax liabilities. In general, taxes are assessed on consumption, imports, assets, property and payroll (social security and related benefits). Legislation enacted in 1993 and 1994 provides for special tax incentives to encourage investment in mining.

There are very few sectors in which Argentina reserves the right to maintain exceptions to national treatment for U.S. investors: real estate in border areas, air transportation, ship building, nuclear energy, uranium mining, and fishing. Foreigners must obtain permission from the Ministry of Defense's Superintendency for Frontiers to invest in non-mining activities in border areas. Argentina's telecommunications licensing plan, issued June 23, 1999, requires that any licensee include a local partner possessing at least a ten percent stake in the enterprise.

Businesses in Argentina--foreign and domestic alike--still face occasional cases involving inconsistent application of regulations, fraud, and corruption. The situation for foreign investors has nevertheless improved dramatically in Argentina since 1989. A more efficient judicial system and more transparency would improve the environment for all long-term investors.

#### Conversion and transfer policies

All restrictions on the movement of capital to or from Argentina were eliminated in December 1989, when the Argentine Government lifted all exchange controls and adopted a single foreign exchange market. Under the Convertibility Law of 1991, the Central Bank of Argentina maintains the value of the Argentine peso at one-to-one parity with the U.S. dollar in free market conditions. Devaluation in the near future is considered unlikely.

Investments may be made freely in any convertible currency, in capital goods, spare parts, accessories, in profits earned locally, or other capital belonging to foreign investors. All private sector transactions, including all loans and payments, may be carried out in the foreign exchange market without restriction.

In accordance with Article 5 of Decree 1853/93, foreign investors may, at any time, repatriate capital and remit earnings abroad. Foreign investors may borrow domestically with the same rights and on the same terms as Argentine firms. Article V of the U.S.-Argentina bilateral agreement also provides for free, prompt transfers related to investments.

#### Expropriation and compensation

The Argentine Government has not resorted to expropriation since its economic reform program began in 1989. Article 4 of the U.S.-Argentina Agreement on Promotion and Protection of Investment states that investments shall not be expropriated or nationalized except for public purpose upon payment of prompt, fair-market value compensation.

#### Dispute settlement

A number of disputes involving foreign investments have arisen in Argentina in recent years, most often between investors and provincial governments. Unforeseen changes in tax laws and liabilities -- often in spite of tax-stability guarantees from provincial authorities-- as well as customs treatment and public utility rate changes are some of the issues that have provoked the disagreements. Resolution of some of these cases has been contentious and time consuming.

Investment disputes can be adjudicated through local courts or administrative procedures. The Argentine court system is occasionally undermined by influence peddling, however, and independent surveys indicate that public confidence in the judiciary is weak. Argentina has a strict bankruptcy law similar to that of the U.S. creditors can participate in a chapter 11- like procedure to determine the best means of recovering debts from a bankrupt firm. Company directors are personally, criminally responsible in cases of Fraud. The value of the Argentine peso is pegged to the U.S. dollar and is freely convertible.

The Government of Argentina accepts the principle of international arbitration. The bilateral investment agreement between the United States and Argentina provides for binding international arbitration of investment disputes that cannot be settled through amicable consultation and negotiation between the parties. However, due to the relative immaturity of the Argentine judicial system, foreign investors are not advised to rely on legal recourse in resolving disputes.

The government of Argentina is a party to the International Center for the Settlement of Investment Disputes (ICSID) and the world bank's Multilateral Investment Guarantee Agency (MIGA).

#### Performance requirements/incentives

No performance requirements are aimed specifically at foreign investors. Government incentives apply to foreign and domestic firms. The Ministry of Economy administers a complex incentive regime involving quotas and tariffs for auto manufacturers. Special regimes apply to mining, oil and gas, and other natural resources.

#### Right to private ownership and establishment

Foreign and domestic investors have free and equal rights to establish and own businesses, or to acquire and dispose of interests in businesses without discrimination.

#### Protection of property rights

Secured interests in property, including mortgages, are recognized and common in Argentina. Such interests can be easily and effectively

registered. They also can be readily bought and sold. Argentina adheres to most treaties and international agreements on intellectual property and belongs to the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO). The Argentine Congress ratified the Uruguay round agreements, including the provisions on intellectual property, as Law 24.425 on January 5, 1995.

**Patents:** Patent law is the weakest element in Argentine intellectual property rights, and extension of adequate patent protection to pharmaceuticals has been a highly contentious bilateral issue. After years of protracted debate, the Argentine Executive issued a pharmaceutical patent decree in 1996, which fell far short of the Argentine Government's commitments to the United States. The decree imposed a five-year transition period for pharmaceuticals, contains no pipeline protection, and grants the government broad discretion to issue compulsory licenses. In early 1997, the U.S. announced it would suspend 50 percent of Argentina's benefits under the generalized system of preferences because of the unsatisfactory pharmaceutical patent law. The flawed patent regime could hinder Argentina's ability to compete effectively with other Latin American countries that have strong patent protection.

**Copyrights, trademarks, trade secrets, and semiconductor chip layout design:** Intellectual property protection for books, films, music, and software in Argentina has improved since 1989. The Congress approved in 1998 legislation making criminal sanctions available in cases involving piracy of software. Argentine authorities have undertaken efforts to combat piracy of videotapes and other copyrighted material, but enforcement is sporadic and pirated products are readily available in the market. The government has improved the process for trademark registration. Argentina has no specific law on trade secrets, although penalties for unauthorized revelation of secrets are applied to a limited degree under commercial law. Argentina has signed the WIPO treaty on integrated circuits, but has no law dealing specifically with the protection of layout designs and semiconductors.

#### Transparency of the regulatory system

Since 1991, the Argentine Government has eliminated virtually all restrictions on domestic and foreign trade of goods and services, and on financial markets. The policies have dramatically increased competition in most industries and sectors. Argentine authorities, including the Ministry of Economy and a number of quasi-independent regulatory entities, have acted in certain cases to foster competition and protect consumers, though not always in a transparent fashion.

In mid-1999, Congress was debating a revision of the little used, anti-monopoly statute. The new law would create a tribunal for the defense of competition and increase the government's ability to block company mergers and punish abuse of market position.

Social charges and other taxes add significantly to the cost of labor. High severance payment requirements and strict rules on collective bargaining also contribute to an unduly rigid labor market. Private capital pension funds, launched in 1994, have promoted increased domestic savings. The privatization of workers' compensation insurance took effect in 1996.

## Efficient capital markets and portfolio investment

Argentine regulation of capital markets promotes free flow of financial resources. A wide variety of credit instruments are available at free market terms to foreign investors on the local market, although local credit is generally more expensive than that available in the United States.

Law 17118 regulates public securities offerings. The Argentine Securities and Exchange Commission, Comision Nacional de Valores, is the federal agency that regulates securities markets offerings. Securities and accounting standards are transparent and consistent with international norms.

U.S. banks and securities firms are well represented in Argentina and are among the most dynamic players in the local capital markets. Total peso and dollar deposits in Argentine banks approached \$80 billion in mid 1999. The private pension fund system--consolidated in 1995--has provided an important and growing base for capital markets. The percentage of non-performing loans varies widely among banks. No discriminatory measures specifically target foreign investors in finance and capital markets.

The percentage of non-performing loans varies widely among banks. As of September 1998, 16.6% of public banks' loans were non-performing, while the figure for private banks was 6.4%. No discriminatory measures specifically target foreign investors in finance and capital markets.

## Political violence

Argentina has implemented major democratic reforms since 1983 and economic reforms since 1989, with few incidents of political violence. Disturbances of limited scope have occurred in some of Argentina's provinces in recent years. These actions were directed against local administrations or employers--generally for non-payment of wages--and did not involve protests against foreign investment.

## Corruption

Government corruption and private sector business fraud are common complaints. Dishonest practices in the private sector-- including tax evasion-- are common in Argentina. Surveys by transparency international and other business and academic groups have contributed to more open debate of corruption and fraud. U.S. businesses have identified corruption in Argentina as a significant problem for trade and investment. Procurement, regulatory systems, tax collection and health care administration are problem areas. The Argentine government maintains that official corruption has decreased dramatically as a result of the privatization of most state enterprises since 1989.

Argentina is a party to the OAS Anti-Corruption Convention and has indicated its intent to ratify the OECD convention. The government has regulations against bribery of government officials, although enforcement is inconsistent. The government established an ethics

office, with requirements on financial disclosure by public employees, to improve compliance with existing anti-corruption laws.

Argentina's inefficient judicial system is thought to impede efforts to stem corruption. There are several corruption investigations pending. Convictions are rare. One longstanding case involves an information systems contract between Argentina's national bank and IBM.

#### Bilateral investment agreements

The governments of Argentina and the United States signed an agreement for reciprocal promotion and protection of investments in 1991. The agreement was amended, ratified by the Congresses of both countries, and entered into force on October 20, 1994.

In 1993, the Argentine Congress ratified a number of bilateral treaties for the protection and promotion of investment. Argentina has also concluded investment promotion and protection agreements with Canada, most European Union countries, China, Switzerland, Poland, Turkey, Tunisia, Egypt and Chile.

#### OPIC and other investment insurance programs

Argentina signed a comprehensive agreement with the Overseas Private Investment Corporation in 1989. Argentina is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

#### Labor

Argentine workers are more highly educated and better paid, on average, than labor in other Latin American countries. Economic reforms and the introduction of labor-saving technologies have increased demand for highly skilled workers, while reducing employment opportunities for unskilled workers. The sharp fluctuation in demand for labor can be attributed to (a) restructuring of firms; (b) layoffs resulting from privatization; and more recently (c) closings of small businesses unable to survive without affordable credit and access to export markets. The Argentine labor code has traditionally been a serious disincentive in the hiring of new employees. New regulations, which allow for some flexibility in personnel management, would facilitate job growth. In 1998 the government enacted labor reform legislation which fell far short of private sector expectations.

#### Foreign trade zones

Law 24.331 of 1994 establishes the foreign trade zone regime for Argentina. The law permits establishment of four zones. In addition, each province can establish a foreign trade zone. The foreign trade zone of La Plata, in the province of Buenos Aires, is by far the most active, due in large part to its proximity to the port of Buenos Aires. Foreign firms have the same opportunities as Argentine firms. (Please refer to Chapter VI)

#### Foreign Direct Investment statistics

The Embassy estimates that U.S. direct investment in Argentina reached \$14 billion in 1998. Investment is concentrated in telecommunications,

energy, petrochemicals, financial services, food processing and motor vehicle manufacturing. U.S. investment has increased by an average of \$2 billion annually in recent years, but Argentina's current recession may reduce flow to \$1.5 billion or less in 1999.

In recent years, Argentine firms have increased investment abroad -- particularly in Brazil, Paraguay and Uruguay. Still, Argentina remains a large net recipient of foreign direct investment.

Foreign investors are not required to register investments. Foreign investment in Argentina has grown rapidly since 1989. Together with the United States, Chile, the European Union, Canada and Japan are very important sources of investment capital.

Important foreign investors in Argentina include among others, Accor, Amoco, Alcan, BankBoston, Bell South, British Gas, Bristol-Myers Squibb, Cargill, Carrefour, CDSI, Chrysler, Citibank, CMS, Coca-Cola, Crown Cork, Cynamid, Diamond Shamrock, Dow Chemical, Du Pont, Eastman Kodak, Enron, Exxon, Fiat, Ford, France Telecom, General Motors, Gillette, Goodyear, Hewlett Packard, Honeywell, IBM, Kimberley Clark, Lockheed-Martin, Marriott, Mercedes-Benz, Merck, Mobil, Motorola, Nabisco, Occidental Petroleum, Pepsi, Peugeot, Pfizer, Philip Morris, Procter and Gamble, Renault, Scania, Schering-Plough, Shell, Sheraton, Swift Armour, TCI, Telefonica of Spain, 3M, Toyota, Union Camp, United Technologies, Volkswagen, Wal-Mart, and Xerox.

The Argentine Ministry of Economy (<http://www.mecon.ar>) and Fundacion Invertir Argentina (<http://www.invertir.com>) have more detailed information on foreign direct investment in Argentina.

## VIII. TRADE AND PROJECT FINANCING

### General Financing Availability

#### Trade financing

Commercial banks offer loans to creditworthy importers, although interest rates are still high by U.S. standards. U.S. exporters should take the high cost of money into account when negotiating payment methods with Argentine importers. The U.S. Export Import Bank (ExImBank) is on cover for public and private sectors, and ExImBank guarantees many trade facilities from U.S. commercial banks.

ExImBank finances all types of U.S. goods and services as long as they are not military-related and contain at least 50% U.S. content. In all transactions there must be a reasonable assurance of repayment. Their congressional mandates include increasing the export of environmentally sensitive goods and services, and expanding the number of U.S. small businesses using ExImBank financing. More than 80 percent of their approved transactions are for small business. To determine which programs may be best for your business, please refer to the programs listed below:

Working Capital Guarantees cover 90 percent of the principal and interest on commercial loans to creditworthy small and medium-sized companies that need funds to buy or produce U.S. goods or services for export.

Export Credit Insurance policies protect against both the political and commercial risks of a foreign buyer defaulting on payment. Short-term and medium-term policies are available.

Guarantees of Commercial Loans to Foreign Buyers of U.S. Goods or Services cover 100 percent of principal and interest against both political and commercial risks of nonpayment, with repayment terms of one to five years. ExImBank's guarantee is available for fixed or floating rate export loans in dollars or convertible foreign currencies. Both banks located in the United States and certain banks in Argentina have lines of credit with ExImBank that allow them to provide loans, backed by ExImBank guarantees, to Argentine businesses purchasing U.S. equipment and services which. U.S. exporters do not need to go through the ExImBank application process. They should direct their Argentine buyers to an on-lending bank in the United States or Argentina to obtain the credit. The U.S. based bank will disburse directly to the U.S. exporter. Since the lines are pre-approved and individual transactions do not require ExImBank's review, the process can move very quickly. Note: For both the Export Credit Insurance listed above and the Guarantees for Commercial Loans, the Commercial Service in Buenos Aires recommends, on the basis of commercial terms, that the importer use a bank located in the United States to disburse the loan. U.S. based banks are currently offering much more competitive interest rates for loans backed by an ExImBank guarantee than are U.S. banks or Argentine banks based in Argentina. This is because the banking system in the United States is much more competitive. Please contact the Commercial Service in Buenos Aires directly for a list of banks that provide these loans.

Direct Loans from ExImBank provide foreign buyers with competitive, fixed-rate financing for the purchase of U.S. capital goods and related services. ExImBank extends direct loans to Argentine buyers of U.S. exports, for up to 85 percent of the U.S. export value. For the most part, rates are the official minimum rates based on U.S. Treasury rates plus a spread agreed on by members of the OECD (Organization of Economic Cooperation and Development), and depend on the repayment period.

Lease Guarantee Program: Provides guarantees for financing of large leases of U.S. manufactured goods.

Engineering Multiplier Program: Stimulates export of U.S. architectural, industrial design, and engineering services through loans or guarantees of up to 85 percent of the U.S. export value of services, for projects with the potential of generating U.S. exports of \$10 million or double the original export contract, whichever is greater. Also, guarantees commercial financing for approved project related costs in the host country of up to 15 percent of the U.S. export value.

Project Finance is available for projects that do not rely on the typical export credit agency security package but need long-term cash flow financing. As developing nations turn away from sovereign-guaranteed borrowing, ExImBank's project financing program is assisting U.S. exporters to compete in new international growth industries such

as the development of private power, telecommunications and other infrastructure.

There are many ways to contact ExImBank:

- Browse their Internet site at [www.exim.gov](http://www.exim.gov) for 24-hour access to ExImBank and to its programs.
- Call their toll free telephone number (800) 565-EXIM.
- For more information and to get on their mailing list log on to [www.exim.gov](http://www.exim.gov) to fill out an information form.
- Contact one of ExImBank's five regional offices in New York, NY; Miami, FL; Houston, TX; Chicago, IL; or Long Beach, CA.

Environmental Technologies are a special case for ExImBank financing. Longer terms and preferential rates may be obtained under an ExImBank program designed to support U.S. environmental exports. The Bank has signed an MOU with the Secretariat of Environmental Policy of the Province of Buenos Aires to promote up to 250 million dollars of exports under this program.

Agreements with other Argentine Agencies: ExImBank recently signed MOUs with the Argentine Secretariat for Small and Medium Enterprises and with the Government of the City of Buenos Aires for exports related to projects in their respective jurisdictions.

#### Small Business Administration

The Small Business Administration (SBA) has the Export Working Capital Program to support small and medium sized exporters. Contact 1-800-U-ASK-SBA for information on SBA district offices or U.S. Export Assistance Centers.

#### Multilateral Development Bank Operations

The International Bank for Reconstruction and Development (IBRD or World Bank) provides funding for projects in Argentina. It also provides technical assistance and policy advice. IBRD raises the money through the sale of AAA-rated bonds in international capital markets. Loans are made only to governments or to agencies that can obtain a government guarantee. The IBRD also provides partial risk or partial credit guarantees (with a counter-guarantee from their government) to private lenders on development projects. The interest rates are variable, set at half a percentage point above the Bank's average cost of borrowing or LIBOR. Repayment is usually between twelve and fifteen years, including a grace period of three to five years. Opportunities for U.S. companies exist to supply goods and services concerning these loans.

The International Finance Corporation (IFC) is an affiliate of the World Bank that also provides project financing for private investment in Argentina. IFC offers long-term loans and equity investments, and other financing services. IFC will generally invest up to 25 percent of the total project cost. Besides project finance, IFC also provides legal and technical assistance to private enterprises. Unlike the IBRD and IDA, the IFC does not require government guarantees. U.S. companies seeking direct investment funds should contact the IFC.



The Multilateral Investment Guarantee Agency (MIGA) was established in April 1988 to help investors address problems of political risk. Investors' concerns about political risk slowed the flow of foreign direct investment that in turn slowed the creation of jobs, and the transfer of modern technology. MIGA's purpose is to promote the flow of foreign direct investment among member countries by insuring investments against non-commercial (political) risk and by providing promotional and advisory services to help member countries create an attractive investment climate. U.S. companies seeking investment guarantees should contact MIGA (or OPIC - see below). For further information on MIGA, World Bank funded projects in Argentina, and assistance, contact:

Commercial Service Liaison Staff  
Office of the U.S. Executive Director  
The World Bank  
1818 H Street NW  
Washington DC 20433  
Tel: (202) 458-0118 or 0120  
Fax: (202) 477-2967

For contact information on multilateral bank representatives in Argentina see Appendix E: U.S. and Country Contacts.

Following are some active World Bank-funded projects for Argentina:

- \$190 million. Financing investments designed to increase the quality and efficiency of secondary education will increase student learning in seven selected provinces. Total cost: \$268,7 million.
- \$300 million. The government's effort to promote fiscal reform in its provinces will be supported.
- \$500 million. The government will be assisted in providing an orderly framework for costs associated with the privatization/closure of weak provincial banks.
- 225 million. Financial support and incentives will be provided for the provinces to undertake their own public sector-reform programs consistent with the national program. Total cost: \$321 million.
- \$210 million. Public sector management at the provincial and municipal levels will be made more effective through improved financing mechanisms for municipal investments. Total cost: \$600 million.
- \$450 million. Financial Support will be provided for the National Highways Rehabilitation and Maintenance Project to preserve the Argentine national road network.  
Total Cost: \$929 million

World Bank Officers for Argentina in Washington D.C.

Country Officer:  
Mr. Mark V. Hagerstrom (202) 473-9208

Economists:  
Mr. Paul Levy (202) 473-0124

Mr. David Rosenblatt (202) 473-7930

A part of the International Trade Administration (U.S. Department of Commerce), Multilateral Development Bank Operations (MDBO) provides U.S. firms counseling on multilateral bank opportunities, and advocates for U.S. firms. The liaison officers at each of the multilateral development banks are a valuable source of information on projects in Argentina financed by the banks.

Contact: MDBO (202) 482-3399, Fax (202) 273-0927; Liaison at Inter-American Development Bank (202) 623-3821, Fax (202) 623-2039; Liaison at World Bank (202) 458-0120, Fax (202) 477-2967.

#### Overseas Private Investment Corporation

The Overseas Private Investment Corporation (OPIC) offers assistance to U.S. private investors in the form of political risk insurance, as well as loans and loan guarantees for their direct investment in Argentina. OPIC's main programs are:

**Investment Insurance:** Provides insurance against the risks of currency inconvertibility, expropriation, and loss of assets or income caused by political violence. Coverage is available for new investments and for investments to expand or modernize existing operations.

**Investment Programs:** Medium to long term financing for sound overseas investment projects is made available through loan guarantees and direct loans. Loan guarantees generally range from \$10 million to \$75 million, and direct loans generally range from \$2 million to \$10 million. Direct loans are reserved for projects significantly involving small businesses or cooperatives. OPIC's financing commitment may range from 50 percent of total project costs for new ventures to up to 75 percent for expansions of existing operations, with maturities of five to twelve years, occasionally longer.

Contact: Information officer (202) 336-8799, Fax 408-5155. There is an automated information service via a fax retrieval line: (202) 336-8700.

#### Multilateral Investment Guarantee Agency

Argentina is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA), which offers foreign investment insurance to firms from member countries, including the U.S.

#### U.S. Trade and Development Agency

The U.S. Trade and Development Agency (TDA) has invested nearly \$7 million in Argentina for feasibility studies and other activities that support infrastructure development and modernization projects. The following are some projects with TDA involvement:

**Andean Highway Passes project:** \$695,400 Grant through the Evergreen Fund at IDB for a feasibility study on the Andean Highway Passes project to be carried out by Argentina's National Directorate of Roads.

**Copper Smelter and Refinery Project** (TDA # 97-526A) - Feasibility Study was conducted for the Subsecretaria de Minería by Fluor Daniel.

The study was presented at a seminar at the Subsecretaria de Minería on July 28, 1998. Companies can purchase copies of the study from NTIS and should contact the TDA library for more information (703) 875-4357

Traffic Management project: \$500,000 grant to Comisión Nacional del Área Metropolitana de Buenos Aires (CONAMBA) for a feasibility study on a traffic management and automated traffic enforcement project in the Buenos Aires Metropolitan Area. Louis Berger International was the successful bidder. The study was completed in Spring 1998.

Subway Ventilation project: \$434,000 Grant to Metrovias S.A. for a feasibility study on the ventilation of the Buenos Aires subway system tunnels. Parsons Brinkerhoff completed the study in Summer 1997.

TDA also helps to develop enhanced opportunities for U.S. companies in infrastructure development projects in Argentina by inviting Argentine officials in charge of the projects to visit the U.S. and meet with potential U.S. bidders. Examples of such Orientation Visits paid by TDA include:

- Vessel traffic System (VTS) in June of 1999. The delegation, including the Argentine Government's Under Secretary for ports and Waterways presented the plans to call for bids for an integrated vessel management system in the port of Buenos Aires, the Hidrovia on the Parana river and the Riovia on the Uruguay river. Potential U.S. exports are estimated at \$40 million.

- Air Space Control System. TDA offered to train air traffic controllers at FAA facilities if the radar project favors a U.S. supplier.

- Airport Privatization: Following the privatization of 33 airports, TDA financed four studies by specialized consultants to assist the Airport Regulatory Agency in defining its internal structure and its role in the management of 25 airports that remain under government control.

#### Private Sector Banks

U.S. Banks in Argentina: Citibank and Bank Boston are among the oldest and largest foreign retail banks in Argentina and have supported both U.S. and other foreign and Argentine bidders.

American Express Bank, Bank of America, The Chase Manhattan Bank, Morgan Guaranty Trust, Republic National Bank of New York, The Bank of New York, Norwest Bank, First Bank of Milwaukee, and Republic National Bank of Miami have subsidiaries or representatives in Buenos Aires. Most Argentine banks maintain correspondent arrangements with U.S. banks.

See Appendix E. Country Commercial Banks, for a list of Argentine banks with branches in the U.S.

#### IX. BUSINESS TRAVEL

Geography and Climate

Argentina is located in southern South America and has a total area of approximately 1,500,000 square miles including the mainland and the Argentine Antarctica and South Atlantic Islands. It is the eighth largest country in the world, approximately the size of that part of the U.S. east of the Mississippi River. Topography and climate vary significantly, with the high Andes mountain in the west, subtropical climate in the northeast, temperate climate in the middle part of the country, and semi-arid and cold in the southern part. The middle third of the country, which includes Buenos Aires, contains the greatest part of the population, as well as most of the economic activity and agricultural production.

Travelers should note that Argentina is in the Southern Hemisphere, meaning its seasons are reversed from those in the North. Summer in the U.S. is winter in Argentina, and vice versa. School summer vacations take place from Christmas through March, instead of June through August. We recommend against travelling plans to conduct business meetings in Argentina in January, since most businesses are either closed or working on a limited schedule. Consult your business contacts, and plan travel times and clothing accordingly. Summer, particularly the month of January, is hot and humid in Buenos Aires. In winter, the coldest month is July, with temperatures ranging in the 40s and 50s. Snow is very rare in Buenos Aires. The best months for business travel to Argentina are April through November.

#### Time

Argentina is three hours behind Greenwich Mean Time, and two hours ahead of Eastern Standard Time. Argentina does not have daylight saving time changes. Therefore, the time difference with Eastern Standard Time is one hour, but with Eastern Daylight Time it is two hours. The 24-hour system is generally used rather than the 12-hour a.m./p.m. system. For example: 3.00 p.m. is referred to as 15.00 hours.

Business office hours are generally Monday to Friday from 9.00 a.m. to 6.00 p.m. (two hours early for factories) with one-hour lunch break. Work luncheons are frequent for business executives and they generally extend from 1.00 to 3.00 p.m. Business dinners, and dinners in general, do not begin until 9.00 or 10.00 p.m., therefore it is common to return home or to the hotel to sleep for few hours before going out. Because evenings start late and end late, the early evening nap is the secret to being functional the next day. It is advisable to not schedule morning meetings before 10.00 a.m. Business breakfasts are not so common.

Retail stores are generally open from 9.00 or 10.00 a.m. to between 6.00 and 9.00 p.m., Monday through Saturday. Banks are open to the public from Monday through Friday from 10.00 a.m. to 3.00 p.m.

#### Business Customs

As in many countries, U.S. executives intending to successfully do business in Argentina should take the time to develop a close personal relationship with their agent, representative, distributor or other business partner, and maintain it with regular visits.

Argentine customs are generally more formal compared to those in the U.S. Business dress, appearance and general approach and demeanor should be conservative. Politeness is very important, and efforts to rush a business deal will unlikely be met with success. To establish trust, time spent on social activities is fundamental to developing a solid business relationship. It is important to shake hands with everyone in the room upon arriving and leaving, and with women, it is customary to kiss once on the right cheek, or shake hands.

Contacts and introductions are important, therefore use the services of the Commercial Service office at the U.S. Embassy in Buenos Aires, or other organizations such as the American Chamber of Commerce, industry associations, or other contacts, as opposed to the direct "cold call" approach. The "Gold Key Service" offered by the Commercial service is an excellent way of finding the right contacts, and having a schedule of meetings set up.

It is important to be prompt to business meetings, and always have a pre-arranged appointment. Be sure to have an ample supply of business cards. It is beneficial to have cards printed in Spanish as well as English, although not necessary.

One cultural consideration U.S. travelers should note is that the term "American" denotes someone from the Americas, North or South, not just from U.S. Saying you are from the United States (los Estados Unidos) is clearer.

#### Language

Spanish is the national language of Argentina, although many business people speak English, and other European languages as well. Do not assume, however, that your contacts will speak English. For U.S. business people who speak Spanish, note that the Argentine version of Spanish has distinct differences in pronunciation, cadence and vocabulary. As noted in Chapter 4, any printed matter translated into Spanish should be reviewed first by a native Argentine to assure its usability in Argentina.

It is wise as well as courteous to hire an interpreter to assist in business meetings unless you are certain that all parties speak English fluently. A list of interpreters is available upon request from the Commercial Service office at the U.S. Embassy. Many large business hotels can also provide this service.

All business in Argentina is transacted in Spanish, and all documents and records must be in Spanish to constitute valid evidence. Business documents in a foreign language to be presented for legal purposes to Argentine authorities should be translated by a certified public translator.

A list of certified public translators is available upon request from the Commercial Service office at the U.S. Embassy.

#### Currency

The Argentine currency is the peso, and is signified by the same symbol \$, as the U.S. dollar. A convenient feature for U.S. travelers is the conversion rate, which by law is set at one peso to one dollar. This one-to-one rate means that travelers first arriving in Buenos Aires can use U.S. dollars until they have the opportunity to change money to pesos. Automatic tellers are widely available in Buenos Aires, allowing travelers with a variety of credit or debit cards to withdraw funds automatically in local currency. Many automatic tellers even provide the option of withdrawing U.S. currency as well. Note that in some locations paying with travelers checks may not be accepted.

Prices in Buenos Aires are comparable to large U.S. cities for hotels, restaurants and related travel expenses.

#### Visas

Visas are no longer required for U.S. citizens traveling to Argentina except for Diplomatic and Official passports. U.S. tourist passport holders are granted an automatic 90 day visa on entry. An extension for a similar period can be requested at the Immigration Office located at:

Dirección Nacional de Migraciones  
Av. Antártida Argentina 1355, Edificio 1, piso 1.  
(1104) Buenos Aires. Argentina.  
Tel: 54-1-311-7695 or 313-2777.  
Fax : 54-1-313-1778

#### Work Permits

To carry out a remunerated activity a work permit should be obtained from the immigration office located at the address noted above.

According to immigration laws, foreigners may enter and stay in Argentina in the following cases:

Transitory residents, tourists and students are not allowed to carry on a remunerated or profitable activity unless expressly authorized by the immigration authorized.

Temporary residents may perform such activities during their authorized stay if they obtain a work permit. The work permit can be obtained from the immigration authorities at Immigration Office, upon prior file of relevant documentation. The permit authorizes a stay from one to three years.

Permanent residents may perform any kind of remunerated or profitable activity, either as employees or self-employed.

To obtain temporary or permanent resident status, foreigners must file documentation with the immigration authorities, including their original birth and marriage certificates, as well as certificates of good conduct (certificates stating that they do not have a criminal record) within Argentina and in their country of origin; they should also have a health examination by doctors of the Immigration Office.

An exemption can be requested by foreign professional, scientific or technical research personnel hired abroad to render services in Argentina for a maximum of two years. They must not be resident in Argentina and must be covered for contingencies such as old age, disability or death by the law of their own country.

## Business Infrastructure

### Transportation

U.S. carriers flying to Argentina include United Airlines and American Airlines. The primary gateways are from Miami and New York. Aerolineas Argentinas also flies between the U.S. and Argentina and offers an additional route covering Los Angeles-Buenos Aires. In-country travel, and travel between Argentina and other South American countries is widely available from a variety of Argentine and foreign carriers. Two main airports serve Buenos Aires. One is Aeroparque Jorge Newbery, near downtown. All domestic flights and some regional flights to Uruguay, Brazil and Paraguay leave from Aeroparque. All other international flights, including those from the United States, land at Ezeiza International Airport, which is a 45 minutes drive (\$50 cab fare) from Buenos Aires.

Buenos Aires has an extensive system of subways and buses. Taxis are plentiful and fares are reasonable, and are generally the most effective way of moving around Buenos Aires. A widely available types of private car service, called "remise", is also available and is recommended for transporting from Ezeiza International Airport into Buenos Aires. Remise services have counter at the airport.

Railroad travel is available from several stations in downtown Buenos Aires. Commuter trains link Buenos Aires with most suburban areas, and long-distance trains connect most large cities. Travel outside greater Buenos Aires can be accomplished by train, bus or car, although air travel is recommended for many trips to the provinces because of the distances involved.

Automobile rental is available throughout the country, although quite expensive. Travelers should be aware that Argentina has a high rate of auto accidents, and driving is not recommended for travelers in country for short visits.

### Lodging

See Appendix E for a list of major business hotels in Buenos Aires.

### Communications

Telephone service, both international and local are adequate. The new owners of the privatized telephone system have vastly improved operations. Many business people use cellular telephones to make their work more efficient. Both domestic and international long distance calls in Argentina are notably expensive; doubly so from hotels. ATT, MCI and Sprint have local numbers which halve cost, but may be

difficult to connect with during business hours. Call-back services are available for established businesses.

Buenos Aires has numerous local television channels that broadcast Spanish language programming. There is also a wide range of cable television channels available, including CNN International, CNN español, MTV, as well as channels from Brazil, Chile, Mexico, France, Germany, Italy and others.

International papers and magazines, including a wide range from the U.S., are widely available at the numerous kiosks to be found around Buenos Aires.

#### Health

Buenos Aires has no particular health risks and no special precaution need to be taken. Sanitary conditions are good. Tap water is safe. Many competent doctors, dentist and specialists are available in Buenos Aires. Outside of Buenos Aires or other cities, basic precautions, such as drinking bottled water, are recommended.

#### Holidays

National holidays are:

- January 1, New Year's Day
- April 10, Good Friday
- May 1, Labor Day
- May 25, Revolution (1810) Day
- June 8, Sovereignty Day (Actual date: June 10)
- June 15, Flag Day (Actual date: June 20)
- July 9, Independence (1816) Day
- August 17, Death of General Jose de San Martin
- October 12, Columbus Day
- December 8, Immaculate Conception
- December 25, Christmas.

In addition, on a number of "non-work days", Government offices, banks, insurance companies and courts are closed, but closing is optional for business and commerce. These are: Holy Thursday and Good Friday (immediately before Easter). The U.S. Embassy observes all U.S. Federal holidays in addition to the above.

#### Security Assessment

Buenos Aires is generally safer than most large U.S. cities, with violent crime against individuals being infrequent, although increasing. There are no specific threats directly against American visitors at the present time. It is recommended, however, that due caution be exercised when traveling about the city. Pickpockets and thieves have become a real problem on the streets, in public conveyances and in areas frequented by visitors, such as hotel lobbies, airports and shopping malls.



## X. APPENDICES

## APPENDIX A: COUNTRY DATA

## Profile

- population:	35 million
- population growth rate:	1.4 percent per annum
- religion:	Christian (predominantly Roman Catholic)
- government system:	Constitutional federal republic
- language:	Spanish
- work week:	Monday - Friday

## APPENDIX B: DOMESTIC ECONOMY

	1997	1998(*)	1999(*)
INCOME, PRODUCTION, EMPLOYMENT			
NOMINAL GDP (US\$ BILLIONS)	293	298	287
POPULATION, MILLIONS	35	35.5	36
PCT CHANGE GDP	8.1	3.9	-3
GDP PER CAPITA (US\$)	8,210	8,253	7,990
LABOR FORCE, THOUSANDS	13,800	14,000	14,200
UNEMPLOYMENT RATE, PCT	14.9	13.5	14.5
MONEY AND PRICES			
DOMESTIC SAVINGS, PCT OF GDP	15.3	15	13.6
INVESTMENT AS PCT OF GDP	19.4	19.9	18.7
CONSUMER PRICES, PCT INCREASE	0.3	0.5	-5
AVG EXCHANGE RATE (PESO/US\$0	1.0	1.0	1.0

## PAYMENTS AND TRADE (US\$ BILLIONS)

## NOTE:

(\*) DATA FOR 1998 AND 1999 ARE REVISED EMBASSY PROJECTIONS.

## APPENDIX C: TRADE (US\$ BILLIONS)

	1997	1998	1999(*)
TOTAL EXPORTS	25.0	26.4	24.4
EXPORTS TO U.S.	2.1	2.2	2.4
TOTAL IMPORTS (CIF)	30.0	31.4	26.3
IMPORTS FROM U.S.	5.7	6.2	4.6
TRADE BALANCE	(5.0)	(5.0)	(1.9)
TRADE BALANCE WITH U.S.	(3.6)	(4.0)	(2.2)
PUBLIC SECTOR DEBT, YEAR END	74.8	82.4	101.4
CURRENT ACCOUNT BALANCE	(12.7)	(14.6)	(12.3)
FOREIGN EXCHANGE RESERVES	23.1	26.6	27.4

## NOTE:

(\*) DATA FOR 1999 ARE REVISED EMBASSY PROJECTIONS.

PRINCIPAL U.S. EXPORTS TO ARGENTINA: COMPUTER PARTS AND ACCESSORIES; AUTO PARTS; PARTS/ACCESSORIES FOR OIL & GAS EQUIPMENT; SATELLITE COMMUNICATIONS EQUIPMENT; INKJET PRINTERS; AIRCRAFT; ORGANIC AND INORGANIC COMPOUNDS; FERTILIZERS; RADIO TRANSMITTERS; LANDING GEAR AND PARTS.

PRINCIPAL U.S. IMPORTS FROM ARGENTINA: RAW HIDES AND LEATHER; MINERAL FUELS AND OILS, FRUIT JUICES; ANIMAL AND VEGETABLE PRODUCTS (INCLUDING FISH, MEAT, FRUITS, NUTS, SUGAR, TEAS); CORN (MAIZE) SEEDS; HETEROCYCLIC COMPOUNDS (WITH OXYGEN); PARTS OF SEATS; ALUMINUM ALLOYS; PEANUT (GROUNDNUT) OIL.

#### APPENDIX D: INVESTMENT STATISTICS

U.S. Direct Investment Position, by Industry  
(in U.S. million)

	1992	1993	1994	1995	1996
Petroleum	499	566	815	745	851
Manufacturing	1,633	1,993	2,571	3,233	3,703
Banking	159	135	626	837	967
Wholesale Trade	430	552	603	1,061	733
Finance, Insur. & Real Estate	538	578	801	969	1,097
Services	60	77	960	180	206
Other	35	455	831	482	512
Total	3,353	4,355	7,207	8,060	

Sources: USDOC Survey of Current Business  
GOA, Ministry of Economy

#### APPENDIX E: U.S. AND COUNTRY CONTACTS

##### U.S. GOVERNMENT IN ARGENTINA:

U.S. EMBASSY IN ARGENTINA  
Av. Colombia 4300  
(1425) Buenos Aires  
Tel: (54-11) 4777-4533/4534  
Fax: (54-11) 4777-0197

U.S. DEPARTMENT OF STATE  
V. Manuel Rocha, Chargé d'Affaires a.i.  
Steven Thompson, Counselor for Economic Affairs

## Mailing Address:

U.S. Embassy, Buenos Aires  
Unit 4334  
APO AA 34034

## U.S. DEPARTMENT OF COMMERCE

Michael W. Liikala, Counselor for Commercial Affairs  
James Sullivan, Deputy Senior Commercial Officer  
Michael L. McGee, Commercial Attaché  
Ellen Lenny-Pessagno, Assistant Commercial Attaché

U.S. Embassy, Buenos Aires

Unit 4326

APO AA 34034

Tel: (54-11) 4777-4533/4534 ext. 2226/2227

Fax: (54-11) 4777-0673

E-mail: Buenos.Aires.Office.Box@mail.doc.gov

Sectors	Sector Specialists	Extension
Agricultural & Forestry	Eugenio Pallares	2456
Apparel/Footwear/Textiles	Liliana Paz	2409
Audio/Visual Equipment	Marcelo Amden	2405
Automotive	Eugenio Pallares	2456
Aerospace	Eugenio Pallares	2456
Chemicals	Alvaro Mendez	2416
Computers	Silvia Yaber	2410
Construction	Eugenio Pallares	2456
Household Consumer Goods	Juan Coronado	2413
Cosmetics and Toiletries	Josette Fiore	2406
Education and Training Svcs.	Marcelo Amden	2405
Electronics/Laboratory Eqt.	Lara Restelli	2560
Energy	Alvaro Mendez	2416
Environmental	Alvaro Mendez	2416
Financial & Insurance Svcs.	Alvaro Mendez	2416
Food Processing/Packaging	Liliana Paz	2409
General Consumer Goods	Juan Coronado	2413
General Industrial Equipment	Alvaro Mendez	2416
General Services (Advertising, Retailing, Artwork, etc.)	Liliana Paz	2409
Healthcare/Medical Equip.	Liliana Paz	2409
Hotel/Restaurant Eq.	Juan Coronado	2413
Jewelry	Josette Fiore	2406
Management Consulting Svcs.	Marcelo Amden	2405
Metalworking Eqt.	Alvaro Mendez	2416
Mining	Alvaro Mendez	2416
Paper/Packaging/Printing	Liliana Paz	2409
Ports & Ships	Eugenio Pallares	2456
Processed/Pet Foods	Josette Fiore	2406
Safety & Security Eqt.	Silvia Yaber	2410
Software	Silvia Yaber	2410
Sporting Goods	Graciela Ezcurra	2408
Telecommunications	Silvia Yaber	2410
Travel & Tourism	Diana Brandon	2407

## U.S. DEPARTMENT OF AGRICULTURE

Philip Shull, Counselor for Agricultural Affairs  
 Ph: (54-11) 4777-4533 ext. 2230  
 Fax: (54-11) 4777-3623  
 E-mail: AGBUENOSAIRE@FAS.USDA.GOV  
 Internet: [www.usia.gov/posts/baires.embassy/](http://www.usia.gov/posts/baires.embassy/)

In U.S.:

U.S. DEPARTMENT OF STATE  
 OFFICE OF THE COORDINATOR FOR BUSINESS AFFAIRS  
 2201 C Street NW.  
 Washington, D.C. 20520  
 Tel: 202-746-1625  
 Fax: 202-647-3953  
 Internet: <http://www.fas.usda.gov>

U.S. DEPARTMENT OF COMMERCE  
 John Andersen/MAC/ROOM 3025  
 14th & Constitution Ave., N.W.  
 Washington, D.C. 20230  
 Tel: 202-482-0477  
 Fax: 202-482-4157  
 Internet: <http://www.ita.doc.gov>

U.S. DEPARTMENT OF AGRICULTURE  
 FOREIGN AGRICULTURAL SERVICE  
 TRADE ASSISTANCE AND PROMOTION OFFICE  
 14th & Independence Ave. NW.  
 USDA South Building  
 Washington, D.C. 20250  
 Tel: 202-720-7420

#### Argentine Government Agencies

MINISTERIO DE ECONOMIA Y OBRAS Y SERVICIOS PUBLICOS  
 (Ministry of Economy and Public Works and Services)  
 Dr. Roque Benjamin Fernandez, Minister  
 Hipolito Yrigoyen 250  
 1310 Buenos Aires  
 Tel: (54-11) 4349-5000/8903/8905/8907  
 Fax: (54-11) 4349-8815  
 Internet: <http://www.mecon.ar>

SECRETARIA DE PROGAMACION ECONOMICA Y REGIONAL  
 (Secretariat of Economic Policy)  
 LIC. Trogolio Frigrio, Secretary  
 Hipolito Yrigoyen 250  
 1310 Buenos Aires  
 Tel: (54-11) 4349-8744/46  
 Fax: (54-11) 4349-8762  
<http://www.mecon.ar>

SECRETARIA DE COORDINACION  
 (Secretariat of Coordination)  
 Dr. Julio Alberto Caceres, Secretary  
 Hipolito Yrigoyen 250

1310 Buenos Aires  
 Tel: (54-11) 4349-8120/8125  
 Fax: (54-11) 4349-8122  
<http://www.mecon.ar>

SECRETARIA DE HACIENDA  
 (Secretariat of the Treasury)  
 Dr. Pablo Emilio Guidotti, Secretary  
 Hipolito Yrigoyen 250  
 1310 Buenos Aires  
 Tel: (54-11) 4349-6107/09  
 Fax: (54-11) 4349-6116  
<http://www.mecon.ar>

SECRETARIA DE OBRAS PUBLICAS  
 (Secretariat of Public Works)  
 Cont. Raul Miguel Ignacio Costamagna, Secretary  
 Hipolito Yrigoyen 250  
 1310 Buenos Aires  
 Tel: (54-11) 4349-5710/5712  
 Fax: (54-11) 4349-5714  
<http://www.mecon.ar>

SECRETARIA DE TRANSPORTE  
 (Secretariat of Transportation)  
 Dr. Armando N. Canosa, Secretary  
 1310 Buenos Aires  
 Tel: (54-11) 4349-7252/54/55  
 Fax: (54-11) 4349-7201  
<http://www.mecon.ar>

SECRETARIA DE ENERGIA  
 (Secretariat of Energy)  
 Ing. Cesar Mac Karthy, Secretary  
 Av. Paseo Colon 171  
 1063 Buenos Aires  
 Tel: (54-11) 4349-8003/05  
 Fax: (54-11) 4349-8367  
<http://www.mecon.ar>

SECRETARIA DE INDUSTRIA, COMERCIO Y MINERIA  
 (Secretariat of Industry, Commerce and Mining)  
 Dr. Alieto Aldo Guadagni, Secretary  
 Av. Julio A. Roca 651  
 1322 Buenos Aires  
 Tel: (54-11) 4349-3408/09  
 Fax: (54-11) 4349-5422  
<http://www.mecon.ar>

SUBSECRETARIA DE COMERCIO EXTERIOR  
 (Undersecretariat of Foreign Trade. Ministry of Economy  
 and Public Works and Services)  
 Dr. Felix Alberto Peña, Undersecretary.  
 Address: Av. Julio A. Roca 651, 2nd. Floor, Office 248  
 1322 Buenos Aires  
 Tel: (54-11) 4349-3432/3436/3458  
 Fax: (54-11) 4349-3421

<http://www.mecon.ar>

SECRETARIA DE AGRICULTURA, GANADERIA, PESCA Y ALIMENTACION  
(Secretariat of Agriculture, Livestock, Fisheries and Food)  
Ing. Agr. Ricardo Jose Novo, Secretary  
Av. Paseo Colon 982  
1063 Buenos Aires  
Tel: (54-11) 4349-2500/2502  
Fax: (54-11) 4349-2504  
Internet: <http://www.siiap.sagyp.mecon.ar>

MINISTERIO DE RELACIONES EXTERIORES,  
COMERCIO INTERNACIONAL Y CULTO  
Ministry of Foreign Affairs, International Trade and Worship)  
Ing. Guido Jose Mario Di Tella, Minister  
Esmerelda 1212  
1007 Buenos Aires  
Tel: (54-11) 4819-7000  
Fax: (54-11) 4819-7324  
Internet: <http://www.mrecic.ar>

SECRETARIA DE RELACIONES ECONOMICAS INTERNACIONALES  
(Secretariat of International Economic Relations)  
Ing. Guillermo Jorge Campbell, Secretary  
Reconquista 1088  
1003 Buenos Aires  
Tel: (54-11) 4311-4073/7281  
Fax: (54-11) 4312-0965  
E-mail: [secec@mrecic.gov.ar](mailto:secec@mrecic.gov.ar)

MINISTERIO DE DEFENSA  
(Ministry of Defense)  
Lic. Jorge M. R. Dominguez, Minister  
Edif. Libertador Gral. San Martin  
Azopardo 250  
1328 Buenos Aires  
Tel/Fax: (54-11) 4346-8800  
Internet: <http://www.mindes.gov.ar>

MINISTERIO DE SALUD Y ACCION SOCIAL  
(Ministry of Health and Social Action)  
Dr. Alberto Jose Mazza, Minister  
Av. 9 de Julio 1925  
1332 Buenos Aires  
Tel: (54-11) 4379-9000  
Fax: (54-11) 4381-6075  
Email: [sprsalud@msal.gov.ar](mailto:sprsalud@msal.gov.ar)

MINISTERIO DE CULTURA Y EDUCACION  
(Ministry of Culture and Education)  
Dr. Manuel Guillermo Garcia Sola, Minister  
Pizzurno 935  
1020 Buenos Aires  
Tel: (54-11) 4813-4550/59  
Fax: (54-11) 4812-6493  
Internet: <http://www.mcy.gov.ar>

MINISTERIO DE JUSTICIA  
 (Ministry of Justice)  
 Dr. Raul Granillo Ocampo, Minister  
 Sarmiento 329  
 1041 Buenos Aires  
 Tel: (54-11) 4328-3010/3015/19/3140  
 Fax: (54-11) 4328-5395  
 Internet: <http://www.jus.gov.ar>  
 Email: [www@jus.gov.ar](mailto:www@jus.gov.ar)

MINISTERIO DEL INTERIOR  
 (Ministry of Interior)  
 Dr. Carlos Vladimiro Corach, Minister  
 Balcarce 24  
 1064 Buenos Aires  
 Tel: (54-11) 4331-7051/59  
 Fax: (54-11) 4331-1156  
 Email: [interior@presidencia.com.gov.ar](mailto:interior@presidencia.com.gov.ar)  
 Internet: <http://www.presidencia.com.gov.ar>

MINISTERIO DE TRABAJO Y SEGURIDAD SOCIAL  
 (Ministry of Labor and Social Security)  
 CPN Dr. Jose Alberto Andres Uriburu, Minister  
 Av. Leandro N. Alem 650  
 1001 Buenos Aires  
 Tel: (54-11) 4310-6000  
 Fax: (54-11) 4310-6424  
 Internet: <http://www.trabajo.gov.ar>  
 Email: [webmaster@trabajo.gov.ar](mailto:webmaster@trabajo.gov.ar)

DIRECCION GENERAL DE ADUANAS  
 (Customs Bureau)  
 (Administracion Federal de Ingresos Publicos - AFIP)  
 Azopardo 350  
 1107 Buenos Aires  
 Tel: (54-11) 4343-0661/0101/1551, 343-7635/7606  
 Fax: (54-11) 4331-9881; 345-1778  
 Internet: <http://www.afit.gov.ar>

SECRETARY OF COMMUNICATION, PRESIDENCY OF THE NATION  
 Dr. Alejandro Cima, Secretary of Communications  
 Sarmiento 151  
 (1000) Buenos Aires  
 Tel: (54-11) 4318-9400  
 Fax: (54-11) 4318-9432  
 Internet: <http://www.secom.gov.ar>

CNC Comisión Nacional de Comunicaciones (Regulatory Body for  
 Telecommunication Services)  
 Roberto Catalan, Presidente  
 Peru 103 9no (1067)  
 Tel: (54-11) 4318-9427  
 Fax: (54-11) 4318-9408

COMFER (Regulatory Body for Broadcasting)  
 Comité Federal de Radio Difusión  
 Secretaria de Prensa y Difusion, Presi

de la Nacion)  
 Dr. Jose Aiello, Presidente  
 Suipacha 765 8th floor  
 (1008) Buenos Aires  
 Tel: (54-11) 4320-4900  
 Fax: (54-11) 4320-4935

#### Country Trade Associations/Chambers of Commerce

CAMARA DE COMERCIO DE LOS ESTADOS UNIDOS EN ARGENTINA  
 (American Chamber of Commerce in Argentina)  
 Mr. Carlos Fedrigotti, President  
 Dr. Felix Zumelzu, Executive Director  
 Viamonte 1133, Piso 8  
 1001 Buenos Aires  
 Tel: (54-11) 4371-4500  
 Fax: (54-11) 4371-8400  
 Internet: <http://www.amchamarg.com>  
 E-mail: [amchamar@impsat1.com.ar](mailto:amchamar@impsat1.com.ar)

CAMARA ARGENTINA DE COMERCIO  
 (Argentine Chamber of Commerce)  
 Mr. Jorge Luis Di Fiori, President  
 Av. L.N. Alem 36, P.B.  
 1003 Buenos Aires  
 Tel: (54-11) 4343-9423/7783/5679/5949  
 Fax: (54-11) 4331-8051/5  
 Internet: <http://www.cac.com.ar>  
 E-mail: [cac@starnet.net.ar](mailto:cac@starnet.net.ar)

UNION INDUSTRIAL ARGENTINA  
 (Argentine Industry Association)  
 Mr. Osvaldo Rial, President  
 Av. Leandro N. Alem 1067, Pisos 10 y 11  
 1001 Buenos Aires  
 Tel: (54-11) 4313-2561/2611  
 Fax: (54-11) 4313-2413  
 Internet: <http://uia.org.ar>  
 E-mail: [uia@oct.net.ar](mailto:uia@oct.net.ar)

CAMARA DE IMPORTADORES DE LA REPUBLICA ARGENTINA  
 (Argentine Chamber of Importers)  
 Mr. Diego Perez Santisteban, President  
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 1092 Buenos Aires  
 Tel: (54-11) 4342-1101/0523  
 Fax: (54-11) 4345-3003  
 E-mail: [cira@abaconet.com.ar](mailto:cira@abaconet.com.ar)

SOCIEDAD RURAL ARGENTINA  
 (Argentine Agricultural Association)  
 Mr. Enrique C. Crotto, President  
 Florida 460  
 1005 Buenos Aires  
 Tel: (54-11) 4324-4700  
 Fax: (54-11) 4325-8231



Email: [sra@ruralarg.org.ar](mailto:sra@ruralarg.org.ar)

ASOCIACION DE IMPORTADORES Y EXPORTADORES DE LA REPUBLICA ARGENTINA  
(AIERA)

(Association of Argentine Importers and Exporters)

Av. Belgrano 124, piso 1

1092 Buenos Aires

Tel: (54-11) 4342-0010

Fax: (54-11) 4342-1312

Email: [aiera@aiera.org.ar](mailto:aiera@aiera.org.ar)

BOLSA DE COMERCIO DE BUENOS AIRES

(Buenos Aires Stock Exchange)

Sr. Juan Bautista Pena, President

Sarmiento 299, Piso 1

1353 Buenos Aires

Tel/fax: (54-11) 4316-7000/1000

Fax: 4316-7051

Email: [presidencia@bcba.sba.com.ar](mailto:presidencia@bcba.sba.com.ar)

Internet: <http://www.bcba.sba.com.ar>

CAMARA DE COMERCIO EXTERIOR DE CORDOBA

(Chamber of Foreign Trade of Cordoba)

Mr. Fulvio Pagane, President

Rosario De Santa Fe 231 4th Floor Of.9

5000 Córdoba

Tel: (54-0351) 421-4804

Fax: (54-0351) 4243-8609

Internet: <http://www.cordoba.com.ar-ccec>

Email: [camcomext@si.corcom.ar](mailto:camcomext@si.corcom.ar)

Market Research Firms in Argentina

A&C

Dr. Carlos Kaplan, President

Salta 1007

1074 Buenos Aires

Tel/Fax: (54-11) 4304-6309; 4307-2340

Email: [ayc.cons@act.net.ar](mailto:ayc.cons@act.net.ar)

ANALOGIAS

Lic. Analia del Franco

Callao 66 15th Floor

1022 Buenos Aires

Tel: (54-11) 4954-6020

Fax: (54-11) 4954-6023

Email: [analogia@datamarket.com](mailto:analogia@datamarket.com)

ARTHUR ANDERSEN

Jorge E. Verruno, Managing Partner

25 de Mayo 487

1002 Buenos Aires

Tel: (54-11) 4311-6667

Fax: (54-11) 4318-8555

Email: [cristina.l.reinoso@ar.arthurandersen.com](mailto:cristina.l.reinoso@ar.arthurandersen.com)

## ASECOM S.A.

Lic. Jorge Garcia Gonzalez  
 Av. Belgrano 1255  
 1903, Buenos Aires  
 Tel: (54-11) 4381-1118  
 Fax: (54-11) 4381-0234  
 Internet: <http://www.asecom.com.ar>  
 E-mail: [research@asecom.com.ar](mailto:research@asecom.com.ar)

## COMPANIA DE ASESORES LATINOAMERICANOS

Horacio Rodriguez Larreta, President  
 Maipu 746, Piso 4 "B"  
 1006 Buenos Aires  
 Tel/Fax: (54-11) 4393-0663; (54-11) 4326-9220/2078  
 Email: [asesores@ovrnet.com.ar](mailto:asesores@ovrnet.com.ar)

## Price Waterhouse &amp; LYBRAND

Hernando Fortini, Director  
 Av. Alicia M. de Justo 400, 2nd Floor  
 1107 Buenos Aires  
 Tel: (54-11) 4319-4600  
 Fax: (54-11) 4315-6448  
 E-mail: [cylarg@satlink.com](mailto:cylarg@satlink.com)

## NIELSEN A.C. ARGENTINA S.A.

Mr. Carlos R. Oller  
 Tucuman 348, 6th floor  
 1049 Buenos Aires  
 Tel: (54-11) 4891-1100  
 Fax: (54-11) 4891-1120  
 Email: [infonielsen.com.ar](mailto:infonielsen.com.ar)

## PRINCE &amp; COOK

Mr. Alejandro Prince, Director  
 Santa Fe 1780, 8th floor, suite 802  
 1060 Buenos Aires  
 Tel/Fax: (54-11) 4811-5115/19  
 Email: [aprince@princecooke.com.ar](mailto:aprince@princecooke.com.ar)

## CICMAS

Lic. Rafael German Bustamante  
 Santa Fe 1480 12th floor  
 1060 Buenos Aires  
 Tel: (54-11) 4812-7875  
 Fax: (54-11) 4813-4171  
 Email: [cmыр@mpsatl.com.ar](mailto:cmыр@mpsatl.com.ar)

## English-Speaking Law Firms

## ABELED0 GOTTHEIL

Dr. Julio Gottheil, Partner  
 Av. Eduardo Madero 1020, Piso 5  
 1106 Buenos Aires, Argentina  
 Tel: (54-11) 4312-7526, (54-11) 4315-4721  
 Fax: (54-11) 4311-3560, (54-11) 4312-4058  
 Email: [estudio@abelgott.satlink.net](mailto:estudio@abelgott.satlink.net)

ALLENDE & BREA

Dr. Teodosio Brea, Partner  
 Maipu 1300, Piso 10  
 1006 Buenos Aires, Argentina  
 Tel: (54-11) 4313-9191, (54-11) 4313-9292  
 Fax: (54-11) 4312-5288, (54-11) 4313-9010  
 Email: lex@allendebrea.com.ar

BAKER & MCKENZIE

Dr. Horacio Soares, Partner  
 Dr. Patricia Gonzalez Presedo  
 Av. Leandro N. Alem 1110  
 1001 Buenos Aires  
 Tel: (54-11) 4311-5412/5427/6845  
 Fax: (54-11) 4311-6435  
 Email: horacio.soares@bakernet.com

BRONS & SALAS

Dr. Alfredo Rovira, Partner  
 Marcelo T. de Alvear 624, Piso 1  
 1058 Buenos Aires, Argentina  
 Tel: (54-11) 4311-9271/79  
 Fax: (54-11) 4311-7025  
 Email: brons@brons.com.ar

MARVAL, O'FARRELL & MAIRAL

Dr. Alfredo O'Farrell, Partner  
 Dr. Patricia Lopez Aufranc, Partner  
 Leandro Nalm 928 Piso 7  
 1001 Buenos Aires, Argentina  
 Tel: (54-11) 4310-0100  
 Fax: (54-11) 4310-0200  
 Email: marval@marval.com.ar

ESTUDIO CIAMPOLI ABOGADOS

Reconquista 1017, Piso 5  
 1003 Buenos Aires  
 Tel: (54-11) 4313-7364;4314-2851  
 Fax: (54-11) 4313-0658  
 Email: ciampoli@interserver.com.ar  
 Web Site: www.estudiociampoli.com

TELECOMMUNICATIONS ATTORNEYS

ESTUDIO AGUIAR & ASOCIADOS

Dr. Henocho D. Aguiar, Partner  
 Av. Santa Fe 995, Piso 6  
 1059 Buenos Aires, Argentina  
 Tel: (54-11) 4325-5050  
 Fax: (54-11) 4393-2420  
 Email: haguilar@mail.retina.ar

MARVAL, O'FARRELL & MAIRAL

Dr. Luis M. Gonzalez Lanuza

L. N. Alem 928  
(1001) Buenos Aires  
Ph: (54-11) 4310-0100 ext. 1503  
Fax: (54-11) 4310-0200  
Email: lgl@marval.com.ar

OYANARTE & FARGOSI  
Dr. Alejandro Fargosi  
Av. Alvear 1580 1ro  
1014 Buenos Aires  
Ph: (54-11) 815-7650  
Fax: (54-11) 815-1084  
Email: afargosi@infovia.com.ar

ESTUDIO DE LOS DRES. O'FARRELL  
Julian Gonzalez  
Av. De Mayo 645  
1084 Buenos Aires, Argentina  
Tel: (54-11) 4346-1080/1000  
Fax: (54-11) 4346-1000, x3999  
Email: gonzalesj@estudio-o'farrell.com.ar

SANCHEZ ELIA, PINEDO Y ASOCIADOS  
Dr. Jose Sanchez Elia, Partner  
Avda. Leandro N. Alem 1026, 4th Floor "G"  
1001 Buenos Aires  
Tel: (54-11) 4312-4991  
Fax: (54-11) 4311-4038  
Email: fpinedo@interar.com.ar

#### TELECOMMUNICATIONS CONSULTANTS

CONSULCOM  
Dr. Armando A. Mann, Director General  
Florida 556, 4th floor, Of. 401  
1007 Buenos Aires, Argentina  
Tel: (54-11) 4322-9877  
Fax: (54-11) 4322-0873  
Email: amann@fibertel.com.ar

ATLANTIC CONSULTING  
Jorge Crom, President  
Suipacha 868 2nd floor  
1008 Buenos Aires, Argentina  
Tel: (54-11) 4325-4294/95  
Fax: (54-11) 4325-4193  
Email: info@whalecom.com.ar

BCC S.A.  
Raul Parodi  
Engineer and Consultant in Communications  
Uruguay 239 7th floor G  
1037 Buenos Aires

Tel: (54-11) 4371-3578  
 Fax: (54-11) 4372-3949  
 Email: rparodi@arnet.com.ar

Ar. Consult  
 Telecommunication Consultants  
 Oscar A. Grand, President  
 Av. Alicia M. Justo 872, Piso 1 16  
 1107 Puerto Madero  
 Tel: (54-11) 4300-0563  
 Fax: (54-11) 4084-5190  
 Email: oscar.grand@telco.com.ar

#### Intellectual Property Consultants

NOTINGER & ARMANDO  
 Av. 25 de Mayo 489, Piso 8  
 1339 Buenos Aires, Argentina  
 Tel: (54-11) 4315-9200  
 Fax: (54-11) 4315-9201  
 Email: info@noetar.com.ar

CONSULTORES PROPIEDAD INDUSTRIAL  
 Dr. Ignacio de Apellaniz  
 Florida 15, 10th floor of. 32  
 1005 Buenos Aires, Argentina  
 Tel: (54-11) 4343-5784  
 Fax: (54-11) 4343-5329  
 Email: ipaz@smmart.net.ar

#### Country Commercial Banks with Branches in the U.S.

BANCO DE GALICIA Y BUENOS AIRES  
 Mr. Eduardo J. Escasany, President  
 Tte. Gral. J.D. Peron 407  
 1038 Buenos Aires  
 Tel: (54-11) 4329-6000  
 Fax: (54-11) 4329-6100  
 Internet: <http://www.bancogalicia.com.ar>  
 Branch in New York City.

BANCO DE LA NACION Argentina  
 Mr. Roque MacCarone, President  
 Bartolome Mitre 326  
 1036 Buenos Aires  
 Tel: (54-11) 4343-1010/28; (54-11) 4331-3080/9  
 Fax: (54-11) 4331-8745  
 Branch in New York City.  
 Internet: [www.b.n.a.comp.ar](http://www.b.n.a.comp.ar)

BANCO DE LA PROVINCIA DE BUENOS AIRES  
 Dr. Carlos E. Sanchez, President  
 Av. Monteverde 726  
 1900 La Plata  
 Prov. de Buenos Aires

Tel: (54-21-) 23-0120/9  
 Main Branch  
 San Martin 137  
 1004 Buenos Aires  
 Tel: (54-11) 4331-2561/9/4011/5/3584/9  
 Branch in New York City.  
 Internet: <http://www.bapro.com.ar>

BANCO RIO DE LA PLATA  
 Sr. Jose Luis Enrique Cristofani, Executive Vice President  
 Bartolome Mitre 480  
 1036 Buenos Aires  
 Tel: (54-11) 4341-1000  
 Fax: (54-11) 4341-1021  
 Branch in New York City.  
 Internet: [www.bancorio.com.ar](http://www.bancorio.com.ar)

#### Multilateral Development Bank Offices in Argentina

WORLD BANK FIELD OFFICE  
 Sra. Myrna Alexander, Resident Representative  
 Av. Leandro N. Alem 628-30, Piso 12  
 1003 Buenos Aires  
 Tel: (54-11) 4313-6816, (54-11) 4313-6851, (54-11) 4313-4586  
 Fax: (54-11) 4313-1233  
 Internet: [www.worldbank.org](http://www.worldbank.org)

INTERNATIONAL FINANCE CORPORATION  
 IFC FIELD OFFICE  
 Sra. Ileana Boza, Resident Representative  
 Edificio Pirelli  
 Maipu 1300, Piso 12  
 1006 Buenos Aires  
 Tel: (54-11) 4315-1666, (54-11) 4315-1707, (54-11) 4315-1353  
 Fax: (54-11) 4312-9435  
 Internet: [www.worldbank.org](http://www.worldbank.org)

#### Customs Brokers in Argentina

ORIOLA Y ASOCIADOS S.A.  
 Av. Belgrano 265, Piso 4  
 1092 Buenos Aires  
 Phone/Fax: (54-11) 4342-4148/4153  
 Contact: Mr. Norberto E. Oriola  
 Email: [oriola@waelder.com.ar](mailto:oriola@waelder.com.ar)

NEWTON S.A.  
 Bolivar 332, Piso 6  
 1066 Buenos Aires  
 Phone/Fax: (54-11) 4331-1625/0050  
 Contact : Mr. Marcelo Newton  
 Email: [newton@datamarkets.com.ar](mailto:newton@datamarkets.com.ar)

ESTUDIO VERDIER  
 Pres. Luis Saenz Peña 234, piso 1, of. G

(1110) Buenos Aires  
 Phone/Fax: (54-11) 4381-1726, 4902-2621  
 Contact: Pablo Verdier  
 Email: consult@house.com.ar

EDUARDO MIGUEL MONTENEGRO  
 Av. Belgrano 258, Piso 11  
 1092 Buenos Aires  
 Phone/Fax: (54-11) 4343-9099; (54-11) 4345-3019  
 Contact: Mr. Eduardo M. Montenegro  
 Email: montenegro@giga.com.ar

SAINT GERMAIN  
 Peru 590, Piso 4  
 1067 Buenos Aires  
 Phone/Fax: (54-11) 4331-7069/7090  
 Contact: Mr. Carlos Clausi  
 Email: sgermain@sion.net

EXIMCARGO S.A.  
 Peru 345, Piso 11  
 1076 Buenos Aires  
 Phone: (54-11) 4331-7856/8667/8699  
 Fax: (54-11) 4331-7833  
 Contact: Mr. Jorge Czar  
 Email: info@eximcargo.com.ar

#### Bonded Warehouses

Depositos Fiscal Buenos Aires SA  
 Irala 100  
 1163 Buenos Aires  
 Phone: (54-11) 4307-7900  
 Fax: (54-11) 4307-4601  
 Email: defiba@infovia.com.ar

Deposito Aduaneros SRL  
 Avda. Juan B. Justo 1502  
 1414 Buenos Aires  
 Phone/fax: (54-11) 4773-2859  
 Email: aduaneros.movi.com.ar

Depositos Fiscales SA  
 Coronel Bosch 302  
 1870 Avellaneda  
 Phone: (54-11) 4201-1206/1207; 4205-3623  
 Fax: (54-11) 4201-1208  
 Email: dfisa@ciudad.com.ar

Mercosur Containers Service S.A.  
 Carlos Pellegrini 3800  
 1822 Valentin Alsina  
 Phone: (54-11) 4208-2710/0426  
 Fax: (54-11) 4228-2586  
 Email: deriques@diccsa.com.ar

Servicios de Almacen Fiscal Zona Franca y Mandatos S.A.  
 Mirave 3051  
 1284 Buenos Aires  
 Phone/fax: (54-11) 4303-2545  
 Email: bue@software.com

Servitruck S.A.  
 Ruta Nacional 193 y Ruta Nac.12  
 2800 Zarate  
 Phone: (54-34) 8742-1845/6  
 Fax: (54-34) 873-3779  
 Email: servis5.coopenet.com.ar

Universal Carga S.A.  
 Lima 711, Piso 8  
 1073 Buenos Aires  
 Phone/fax: (54-11) 4383-6694/1228/9960  
 Email: not available

#### Port Terminals

Terminal 1 y 2 - TPR  
 Terminales Portuarias Rio de la Plata S.A.  
 Av. R. Castillo y Comodoro Py  
 Buenos Aires  
 Phone: (54-11) 4319-9500  
 Fax: (54-11) 4313-2677  
 Email: roberto\_triay@trp.com.ar

Terminal 3 - TPA  
 Terminales Portuarias Argentinas S.A.  
 Av. De Los Inmigrantes y Edison  
 Buenos Aires  
 Phone: (54-11) 4317-0600  
 Fax: (54-11) 4314-1002  
 Email: riccioc@cvtci.com.ar

Terminal 4 - T4  
 Terminal4 S.A.  
 Av. Ramon Castillo y Calle 8  
 Buenos Aires  
 Phone: (54-11) 4313-3700  
 Fax: (54-11) 4313-7806  
 Email: term4@ibm.net

Terminal 5 - BACTSSA  
 Buenos Aires Container Terminal Services S.A.  
 Calle 8 Av. Tomas Edison  
 Buenos Aires  
 Phone: (54-11) 4510-9800  
 Email: rodrigo\_szeinkop@bactssa.com.ar.

Terminal Dock Sud  
 Exolgan S.A.  
 Alberti 1750 - Dock Sud  
 Buenos Aires



Phone: (54-11) 4229-0000/1100  
Email: ncuculo@exolgan.com

#### Pre-shipment Inspection Companies

SGS (Societe General de Surveillance)  
Dr. Sergio Sanchez  
tel: 305-471-7036  
fax: 305-592-6925  
Customer Service Desk:  
tel: 305-597-5938  
fax: 305-592-6925

Bureau Veritas  
Juan Martinez, General Manager  
Claudia Galvis, Contract Manager  
tel: 305-436-1243  
fax: 305-593-7877  
main #: 305-593-7878

ITS (Intertek Testing Services)  
Alejandro del Castillo  
tel: 305-593-7455  
fax: 305-593-1528  
in Argentina:  
Richard Rice,  
Enrique Mastroscello,  
Horacio Garcia  
tel: 011-54-11-4315-0600  
fax: 011-54-11-4315-3030

Inspectorate PLC  
Cindy Carroll  
tel: 713-946-8262  
fax: 713-946-4110  
Carmen Esguerra  
tel: 305-599-1124  
fax: 305-599-2116

SOCOTEC INTERNATIONAL INSPECTION ARGENTINA S.A.  
EDUARDO DE SANTIS  
JORGE LACOBARA  
Reconquista 458 11TH  
1003 BUENOS AIRES  
ARGENTINA  
TEL.: 54-11-4326-5466  
FAX: 54-11-4326-5034  
INTERNET: WWW.SOCOTEC.COM.AR  
E-MAIL: atc@socotec.com.ar

UTE HOLDING/SURVEYSEED  
José Berra  
Reconquista 723 GROUND FLOOR  
1003 BUENOS AIRES  
ARGENTINA  
TEL.: 54-11-4510-6600

FAX: 54-11-4510-6699/6695  
 INTERNET: N/A  
 E-MAIL: recep@survey.com.ar

COTECNA Inspection Inc.  
 (not officially selected yet)  
 David Belden  
 14200 Park Meadow Drive, Suite 120  
 Chantilly, Virginia 20151  
 tel: 703-814-4000, ext. 229  
 fax: 703-814-4030

#### Hotels in Buenos Aires

Most used by businesspeople (in alphabetical order)

Alvear Palace Hotel  
 Av. Alvear 1891  
 1129 Buenos Aires  
 Tel.: (54-11) 4808-2100  
 Fax: (54-11) 4804-0034/9246  
 Email: alvear@satlink.com  
 Internet: www.alvearpalace.com.ar

Aspen Suites  
 Esmeralda 933  
 1007 Buenos Aires  
 Tel.: (54-11) 4313-9011/2  
 Fax: (54-11) 4313-8059  
 Email: info@aspensuites.com.ar

Caesar Park Hotel  
 Posadas 1232  
 1011 Buenos Aires  
 Tel.: (54-11) 4814-5148  
 Fax: (54-11) 4814-5199  
 Email: hotel@caesar.com.ar

Claridge Hotel  
 Tucumán 535  
 1049 Buenos Aires  
 Tel.: (54-11) 4314-5166; (54-11) 4322-0022  
 Fax: (54-11) 4314-8022/4314-5160  
 Email: reservation@claridge-hotel.com

Crowne Plaza Hotel (Panamericano)  
 Carlos Pellegrini 525  
 1009 Buenos Aires  
 Tel.: (54-11) 4348-5000  
 Fax: (54-11) 4348-5250/5251  
 Email: hotel@crowneplaza.com.ar

Etoile Hotel  
 Pte. Roberto M. Ortiz 1835  
 1113 Buenos Aires  
 Tel: (54-11) 4805-2626

Fax: (54-11) 4312-6346  
 Email: hotel@etoile.com.ar

Intercontinental Hotel  
 Moreno 809  
 1070 Buenos Aires  
 Phone: (54-11) 4340-7100  
 Fax: (54-11) 4340-7199  
 Email: buenosaires@interconti.com

Marriott Plaza Hotel  
 Florida 1005  
 1005 Buenos Aires  
 Tel: (54-11) 4318-3000  
 Fax: (54-11) 4318-3008  
 Email: marriottplaza@ba.net

Park Hyatt Buenos Aires  
 Posadas 1086/88  
 1011 Buenos Aires  
 Tel: (54-11) 4321-1234  
 Fax: (54-11) 4321-1235  
 Email: front@parkhyatt.com.ar

Sheraton Buenos Aires Hotel& Towers  
 San Martín 1225  
 1104 Buenos Aires  
 Tel: (54-11) 4318-9000  
 Fax: (54-11) 4318-9353  
 Email: not available

Sheraton Libertador Hotel  
 Córdoba 680  
 1054 Buenos Aires  
 Tel: (54-11) 4322-8800  
 Fax: (54-11) 4322-9703  
 Email: reservas@libertador-hotel.com.ar

For additional listings, please call the Commercial Service  
 Buenos Aires.

Anyone planning to use any resource, or do business with any company listed should determine whether the resource meets the needs of the exporter in a satisfactory manner. The listing of a resource or company does not imply endorsement by the U.S. Department of Commerce or any other agency of the U.S. Government.

#### APPENDIX F: MARKET RESEARCH

Market research on different industry sectors of the Argentine economy is available from the Commercial Service of the American Embassy in Buenos Aires, or from Export Assistance Centers (EACs) in various cities in the United States. For a list of EACs, dial 1-800-USA-Trade (1-800-872-8723).

Following is a list of sector research available as of September 1999:

- Agricultural Equipment
- Apparel
- Architectural, Construction, and Engineering Services
- Auto parts and Service equipment
- Banking Overview
- Building Products
- Cancer Diagnostic equipment
- Cardiovascular Equipment
- Computers and Peripherals
- Computer Services
- Computer Software
- Construction Equipment
- Data Bases
- Financial Services
- Food Processing and Packaging Equipment
- Health Care Services
- Industrial Chemicals
- Information Services (data bases)
- Insurance Services
- Irrigation Equipment
- Materials Handling equipment
- Medical Equipment
- Medical Imaging Equipment
- Mining Equipment
- Ports
- Power Generation Equipment
- Renewable Energy Equipment
- Security and Safety Equipment and Services
- Telecommunications Equipment
- Tourism
- Water Resources
- Wireless Telecommunications Equipment

#### APPENDIX G: TRADE EVENT SCHEDULE

Event: Expo de las Americas (local show)  
 Date: August 4-6, 1999

Event: Regala 99 (local show)  
 Dates: August 19-23 ,1999  
 Site: Buenos Aires  
 Industry Code: GFT

Event: State of California ABC Mission  
 Date: August 11-14, 1999  
 Site: Buenos Aires

Event: North Carolina Governor led Trade Mission  
 Date: August 20-24, 1999  
 Site: Buenos Aires

Event: Study USA  
 Dates: August 28-29, 1999  
 Site: Buenos Aires

Event: ENVASE '99 (local show)  
 Dates: September 20-24, 1999  
 Site: Buenos Aires  
 Industry Code: PKG

Event: Management & Tech. Training Services Matchmaker  
 Dates: September 1999  
 Site: Buenos Aires  
 Industry Code: MCS

Event: Southern California Trade Mission  
 Dates: October 12-14, 1999  
 Site: Buenos Aires - Montevideo

Event: Secretary Slater visit (Sec. Of transportation)  
 Dates: October 17-23, 1999  
 Site: Buenos Aires

Event: Alabama Mobile Area Chamber of Commerce TM  
 Dates: October 31 to November 2, 1999  
 Site: Buenos Aires

Event: Expocomm (local show)  
 Date: October 28-31, 1999  
 Site: Buenos Aires

Event: Puerto Rico (PromoExport) Trade Mission  
 Dates: TBD (October/November 1999)  
 Site: Buenos Aires, Montevideo

Event: Women's Economic Summit of the Americas  
 Dates: November 11-13, 1999  
 Site: Buenos Aires

Event: Environmental Technologies Exports Trade Mission  
 Dates: November 15-18, 1999 TBC  
 Site: Buenos Aires  
 Contact: David O'Connell -ITA

Event: Vermont Environmental Technologies Trade Mission  
 Dates: March 19-21, 2000  
 Site: Buenos Aires, Montevideo  
 Industry Code: POL

Event: Destino USA 2000  
 Dates: April 7-8, 2000  
 Site: Buenos Aires

Event: Fematech 2000 (local show)  
 Date: April 2000  
 Site: Buenos Aires

Event: Aviation Congress  
 Dates: April 30 to May 3, 2000  
 Site: Buenos Aires  
 Contact: Sean D. McAlister, ITA, Office of Aerospace

Event: Comdex/Enterprise (local show)  
Date: June 2000

Event: Expo de las Americas (local show)  
Date: August 2000

Event: Regala 2000 (local show)  
Date: August 2000

Event: Study USA 2000  
Date: August/September 2000

Event: Hospitalaria (local show)  
Date: September 2000

Event: Expo Comm Argentina (local show)  
Date: September 2000

Event: Envase 2000 (local show)  
Date: September 2000  
Industry Code: PKG

Event: State of Tennessee Trade Mission  
Dates: June 2001  
Contact: Mike Speck, Nashville EAC